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NEWS SUMMARY

GENERAL

Polaris: all-out strike threat

The Polaris dispute may worsen today when ship stewards from the Faslane dockyard on Clyde, call for a national strike by industrial civil servants in all UK defence establishments.

Yesterday the Royal Navy moved into Faslane to load supplies aboard the Polaris submarine HMS Revenge so that it can relieve HMS Resolution at sea. The Revenge had been blocked in pursuit of a pay claim.

The call for a national stoppage will be put in a national representative meeting in York. Workers at other yards have already said they will black material bound for Faslane.

Back Page

Britain expels Iraq envoys

Britain has ordered 11 Iraqis directly or indirectly connected with Iraq's London embassy to leave the country or not return to it if they are already abroad.

The Iraqis include five senior diplomats. The Foreign Office said the move followed "increasing concern at the threat posed by terrorist activities in London."

Light sentence

Mrs. Maria Slepak, wife of the exiled Jewish dissident Vladimir Slepak, was given a suspended three-year sentence in Moscow for "malicious hooliganism." It is the first sign of leniency in the recent run of dissident trials.

Page 3

Israeli claim

Mr. Menachem Begin, Israel's Prime Minister, said an Israeli military delegation had been ordered out of Egypt after six months in the country.

Mr. Begin gave no explanation for the move, which he said "was communicated by Egypt's War Minister."

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Armed crime up

The number of crimes in England and Wales in which firearms were used rose by 14 per cent in 1977 to 5,300. There were fewer than 4,000 in 1976, but for four years but other serious crimes rose by 15 per cent.

Baby film row

A row began over a film of the world's first test tube baby, born to Mrs. Lesley Brown in Oldham. Associated Newspapers have world rights on the birth and a solicitor for the couple says the Central Office of Information, which made the film, must not release it for 28 days.

MP's damages

Mr. Andrew Paulds, Labour MP for Warrley East, has accepted "substantial damages" for libel from the publishers and editor of the *Evening Standard*, which has suggested Mr. Paulds was frequently drunk in the House of Commons.

Bomb defused

A parcel bomb delivered to Conservative Central Office in Smith Square, Westminster, was defused by the bomb squad. About 100 people were evacuated from the building.

Killer jailed

A boy died of internal injuries after being kicked and punched by his mother's lover because he ran in front of a television set on which the man was watching a sports match. Richard Woodward, 32, was jailed for three years for manslaughter at St. Albans, Herts.

Briefly...

Yves St. Laurent's latest creation for brides is a Spanish bull-fighter's outfit with black velvet pants and a bolero.

Nigeria will boycott next month's Commonwealth Games in Edmonton as a protest against apartheid.

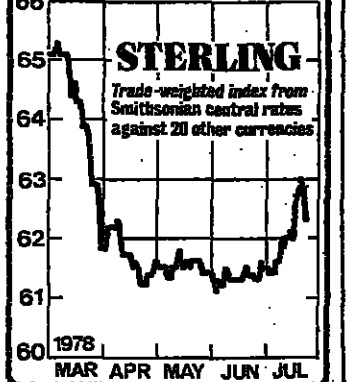
Two Britons left Newfoundland in an attempt to make the first balloon crossing of the Atlantic.

Hazell the elephant was back in Windsor Safari Park 16 hours after escaping into the nearby forest.

BUSINESS

Pound falls; equities drift

STERLING fell sharply following the TUC's rejection of the Government's pay guidelines, and closed 1.45 cents down at \$1.9120 after a low of \$1.9085. Its trade-weighted



index closed 0.5 down at 62.3. The dollar improved against most currencies except the yen, but its depreciation widened to 8.7 per cent (8.6).

EQUITIES drifted as the market awaited the Commons vote on dividend control and the FT ordinary index fell 3.4 to 482.0.

GILTS were easier as profit-taking and other selling brought quotations down between 1/4 and 1/2. The Government Securities index fell 0.19 to 70.88.

GOLD remained at \$194 in London and in New York the Comex July settlement price fell 0.40 to \$194.80.

WALL STREET closed 1.62 up at 847.1.

U.S. TRADE deficit fell sharply in June to \$1.6bn from \$2.25bn in May, bringing the first half deficit to \$16.5bn. Back Page

FORD MOTOR earnings increased in the second quarter of 1978 by only 1.8 per cent to \$539.8m (\$530.4m).

Renault has reached a tentative agreement with Mack Trucks for the marketing of Renault medium-duty diesel trucks in the U.S. Page 26

S15M SUIT for breach of warranty has been filed in a Federal court in Maryland against B.L. formerly British Leyland, the Centre for Auto Safety, a Washington-based consumer group said.

ENERGY Minister wants to boost the coal industry, including a subsidy on the price of coal to power stations and greater Government control of the CEB's choice of fuel for electricity generation.

MICRO-ELECTRONICS industry is to receive £70m Government investment over the next five years. Back Page

OIL PRODUCTION from the UK sector of the North Sea reached a new record of 1.11bn barrels a day in June.

IRAN has raised its stake in the German engineering, steel and shipbuilding group Fried. Krupp to 25.01 per cent bringing its total investment to DM 570m. Page 27

A CHANGEOVER showing UK companies' net dividends adjusted for the recent reduction in tax to 33 per cent was not made in yesterday's Financial Times for technical reasons. The amended figures appear in today's issue.

LABOUR

LINWOOD dispute talks between Chrysler management, Ministers and national union officials broke down last night. Further talks will be held tomorrow. Page 9

NEWSPAPER PUBLISHERS Association chairman, Sir Richard Marsh, has met the Employment Secretary to discuss the journalists' dispute which has prevented publication of The Sun newspaper this week. Page 9

TUC line on wages upsets poll accord

BY PHILIP RAWSTORNE AND CHRISTIAN TYLER

A PRE-ELECTION show of solidarity by the TUC and Labour Government was clouded yesterday by an unexpectedly aggressive rebuttal of the Government's pay restraint plans by union leaders.

Mr. James Callaghan, fresh from his victory over Mrs. Margaret Thatcher in the Commons on Tuesday night, looked embarrassed and angry when asked about the TUC's rejection of his 5 per cent policy at the launching of a TUC-Labour Party document which is likely to form the basis of Labour's election manifesto.

He and Mr. Len Murray, TUC general secretary, both said the differences between unions and the Labour Party were compatible with the document into the Eighties: an Agreement, including its reference to an annual review of the economy and social policies, and a "broad understanding" on pay.

But Mr. Murray said that although the unions wanted to heat inflation "we believe that the Government's way of going about it is the wrong way."

This prompted Mr. Callaghan to interject: "We certainly don't regard the 5 per cent as an objective. The objective is not 5 per cent, but how inflation can be cut to single figures."

Mr. Callaghan said the agreement represented "a sense of common commitment" rather than an election programme.

But the policies outlined in the document have been purged of the more extreme Left-wing ideas and should find prominent positions in the manifesto.

Among key points are a change in the Bank of England role, expansion of the National Enterprise Board and an annual wealth tax. Planning agreements are

changes as a significant tactical victory.

A whole paragraph, seen by the Left as suggesting that Phase Three's success could be repeated in Phase Four, was removed. A reference to pay as one of the items in any "broad understanding" was also removed, while statements opposing the use of sanctions against private sector employers, and the use of cash limits to restrict the pay of public sector employees, were added.

Reaction to the Government's unencouraging line on reducing the working week—the subject of a separate TUC document in favour of a 35-hour week—was also stiffened.

Restating the policy of an orderly return to collective bargaining, the statement says the general council "is convinced that continued central determination of pay will make much more difficult the resolution of anomalies and other collective bargaining problems."

It "notes" the White Paper's reference to the need for a longer-term approach and says that the TUC "does not see the future in terms of the continuation of restrictive policies on current lines."

Of the restoration of traditional bargaining, it says: "This is quite compatible with a thorough discussion of all factors."

Continued on Back Page

Leading industrialists decided yesterday against staging a major confrontation with the Government over the decision to confine enforcing its pay limits through public sector contracts. Instead the CBI is to draw up a "scheme of protection" to help any company that may be penalised. Page 8

Mr. Alex Kilson of the Transport and General Workers tried to move an emergency resolution against the 5 per cent pay limit and was ruled out of order by Miss Joan Lester, the chairwoman. When he then moved a resolution to remove Miss Lester from the chair, he lost by the surprisingly narrow margin of 13 votes to eight.

In what was described as a meeting of some bitterness about the pay policy, mitigated only by the imminence of an election, TUC leaders spent a long time amending a prepared statement on the Phase Four White Paper.

Several moderates argued that if the TUC had negotiated on Phase Four it might have raised the limit and took the view that the TUC-Labour Party liaison committee's statement would prevail over yesterday's rejection. But those on the Left saw the

Devolution Bill defeat over English measures

BY IVOR OWEN, PARLIAMENTARY STAFF

A REVOLT by Government backbenchers led to a one-vote Government defeat in the Commons last night and added further constitutional problems associated with the post-devolution role of Scottish MPs at Westminster.

By 276 votes to 275 the Commons accepted a Lord amendment to the Scotland Bill introducing a new procedure which may be invoked when the votes of Scottish MPs provide the majority for the second reading of Bills relating solely to English matters which, because of devolution are no longer within their responsibilities.

The new procedure—which must first be activated by a special vote of the Commons—requires that such second readings must be rerun after a delay of 14 days.

The Government defeat poses no threat to the Bill itself, which is expected to receive the Royal Assent next week, but it is likely to have the effect of constantly highlighting the impact which the votes of the 71 Scottish MPs have on major issues relating only to England.

This central constitutional problem has been dubbed the "West Lothian question" and is identified with Mr. Tam Dalyell (Lab., West Lothian) who has repeatedly pursued the implications of granting a quasi-federal institution on a unitary basis.

He was joined by Mr. George Cunningham (Lab., Islington S. and Fife) and one or two other Labour backbenchers in voting for the Lords amendment.

But for the absence of Mr. John Mackintosh (Lab., Berwick and E. Lothian), a staunch devolutionist who is seriously ill, there could well have been a tie as there was when the issue was last discussed in the Commons 10 days ago and the Government was saved from defeat by the Deputy Speaker's casting vote.

The Government suffered a second defeat when a Lords amendment removing forestry from the devolved matters placed under the control of the Scottish Assembly was approved by 286 votes to 266.

Parliament, Page 10

SNP backs dividend control Bill

By Philip Rawstone

THE Scottish Nationalists last night decided to vote in support of the Government's dividend control Bill in the Commons today.

The move should give the Government a comfortable majority and enable it to push the legislation through all its stages in one day.

After the withdrawal of Liberal support for the Bill, the Government's chances of enacting the legislation, which it considers to be a vital part of its counter-inflation policy, had appeared slim.

But after a meeting of the Scottish Nationalist MPs last night, Mr. Andrew Welsh, the party's chief whip, said: "Now that Parliament has agreed to Phase Four of pay restraint the SNP has agreed with the Government that there should be a corresponding restraint over the question of dividends."

Economic Viewpoint Page 21

BBC concern over White Paper

BY ARTHUR SANDLES

GOVERNMENT proposals for a new line of middle management control for the BBC, with an unspecified number of direct Home Office appointments, provoked a sharp response from the corporation last night.

"The suggestions could cause more bureaucracy and executive confusion and raised the prospect of Government intervention in programmes," says the BBC.

The proposals are contained in the much delayed White Paper on the future of broadcasting, produced in the wake of the Annan report and completed only after a series of arguments within the Labour leadership.

The White Paper, as expected, plumps for a fourth television channel run by a new Open Broadcasting Authority. It gives the go-ahead for more radio stations to be run by the BBC and the Independent Broadcasting Authority, and says BBC finance must continue to come from licence fees. It proposes that the IBA should take responsibility for cable television, including pay-TV.

The White Paper says there have been criticisms of the BBC for being "too monolithic, too impervious to criticism and too bureaucratic" and that the old Board of Governors had been "overlaid by loyalty to the concept of professionalism."

It suggests service management Boards for television, radio and external services. "By delegating to these Boards many of the management functions which now rest with them, the Board of governors will be enabled to concentrate on their supervisory and public accountability role."

Each Board would be responsible to the governors collectively for supervising programme strategy and management of its service.

The chairman of each Board will be a member of the Board of governors but "about half of the members of each service management Board will be people appointed by the Home Secretary, after consultation with the chairman of the Board of governors and the professional staff of the BBC, with experience or qualifications which fit them to make a positive and distinctive contribution to the work of the Boards."

The BBC said: "The public must ask whether the Government's proposals are the right way of creating more accountability and diversity while safeguarding the BBC's independence."

In the Commons, Mr. William Whitelaw, Shadow Home Secretary, rejected the Government's plan for an Open Broadcasting Authority as a totally unnecessary burden on the taxpayer.

The Independent Television Companies Association said yesterday that it regretted that the White Paper rejected the "formidable case for ITV2 and instead opts for the speculative alternative of an Open Broadcasting Authority."

Thomson plan for Canadian holding group

BY CHRISTINE MOIR

THE ENTIRE Thomson Organisation, including the whole of its North Sea oil interests and The Times and Sunday Times newspapers, is to become a wholly-owned subsidiary of a Canadian holding company.

Thomson's shares were suspended last Friday pending a scheme of arrangement involving its option to take up 90 per cent of the Thomson family's North Sea oil interests.

Yesterday, the company issued a 50-page document outlining one of the most complex deals seen in the City and one which goes considerably beyond just the exercise of the option.

Under the scheme, which has yet to be formally approved by shareholders, the Thomson family will also relinquish its remaining 10 per cent interest to a new company, International Thomson Organisation Ltd. This will be formed in Canada as the holding company for the group's oil businesses.

Behind the deal lies the group's belief that the UK is not a suitable base for an organisation poised to accumulate big capital surpluses and with plans for equally big—and international—capital spending.

This year alone the group forecasts pre-tax profits of £126m (£80m from oil and £46m from the publishing and travel side). Post-tax earnings will amount to £45m for the new company, which has about £100m of cash assets.

Over the next few years the group will be generating capital surpluses amounting to "many hundreds of millions of pounds," the company said yesterday.

Equally large sums are already earmarked for development and acquisitions. The publishing and travel sides alone are to have £100m spent on it to turn it into "the most modern regional newspaper group in the world."

The entire chain of regional newspapers is to be computerised. New presses will be installed where necessary and The Times newspaper plant rebuilt. On the travel side the group expects to buy two Boeing aircraft this year and more in following years. The oil fields will need a further £70m or so.

The group will still have have further surpluses, though, which it will not be able to use up entirely on acquisitions in the UK, largely because of Monopolies Commission restrictions in both its main fields.

If it remained a UK company, exchange control regulations would prevent it moving this money out into international acquisitions.

The move to Canada follows from all this. Not only is the main shareholder (the Thomson family) already a resident in Canada and therefore able to gain from receiving dividends directly from a Canadian company, but Canada also has no exchange control regulations, and no dividend restraint.

An intrinsic part of the deal, however, is that the minority shareholders in the UK (residents) will be getting a slightly diluted stake in the new company through a complex combination of ordinary shares (which will rank as foreign currency securities on the London market), convertible preference shares.

Cost is one of the main factors behind the complexity of the equity mix. The ordinary share element of the scheme alone has involved the company in buying \$35m (£18m) through the dollar premium market—one of the biggest single premium deals ever mounted.

Camden £15m fixed rate stock issue attracts £1bn

BY TERRY GARRETT

A £15m fixed rate seven-year stock issue by the London Borough of Camden has attracted more would-be investors than the Treasury can often secure for a "tap" issue. As much as £1bn appears to have been subscribed by the public.

Camden council announced a double issue last Friday of a variable rate stock and a 12 per cent fixed rate stock to raise a total of £25m.

When application lists closed yesterday morning, one minute after opening, both issues were oversubscribed, although the interest has been focused over-

whelmingly on the fixed coupon stock.

At the issue price of 99 1/2 per cent, the running yield of 12.50 per cent and redemption yield of 12.68 per cent were well above stocks in the market.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS		FALLS	
Albion	19 + 4	Essex, Dip 83	183 - 1
Calsonia Inv.	251 + 12	Bourne Hollingsworth	158 - 7
Casket (St.)	45 + 4	Davy Intl.	235 - 7
Centenary	260 + 15	Ilford	164 - 7
Dawson Intl.	149 + 7	Ilford	385 - 6
Fairbank Lawson	220 + 10	Inchcape	398 - 7
Farnell Elect.	143 + 6	Ingram (H.)	103 - 5
Ladbroke	148 + 10	Laurence Scott	368 - 8
NI Hlths.	145 + 10	Taylor Woodrow	2461 - 11
Micarthys Pharm.	101 + 2	Royal Dutch	221 - 1
PMA (Hlths.)	225 + 27	West. Drie.	2291 - 1
Photo-Mile Intl.	252 + 12	Western Hlths.	2291 - 1
Ransom (Wm.)			

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EUROPEAN NEWS

EEC agrees plan to reform wine production

BY MARGARET VAN HATTEM

THE EEC Commission today agreed on a major plan to reform European wine production.

It includes a seven-year programme to phase out the less successful low quality wine producers in southern Italy and France, which will cost the Community an estimated 50m units of account a year, measures to boost consumption (possibly including a cut in excise duties), and the establishment in principle of a floor price for wine.

The plan will be passed on to the Council of Ministers this week for discussion and detailed proposals are expected to go before ministers when they next meet in September.

The plan is said to follow fairly closely the Commission's earlier proposals, originally included in this year's farm price review. At the time, antagonism

between France and Italy hardened to such an extent that the Council decided, in the interest of settling the price issue, to postpone the wine dispute until September.

Although the measures in the plan approved today attempted to meet each side half-way, both France and Italy are expected to reject much of it initially and a lively row is certain to develop later on this year.

France, which has long fought to establish a floor price to block imports of cheap Italian red wine into the country, is likely to fight for a more specific commitment. The Commission has suggested that the necessary legal framework for a floor price be set up, but that the actual fixing of a price be deferred. This would do virtually nothing to solve the French problem.

However, it is hoped the

French may be persuaded to allow this in exchange for proposals raising the quota of alcohol set aside for distillation in times of excess production, and extending this obligation to certain Italian producers previously exempt.

The structural part of the package is designed to reform and reduce production in the 2.7m hectares in southern France and Italy where table wine is produced.

It is planned to give the more successful producers financial aid to modernise their holdings and improve the quality of their wines. Those assessed as likely to benefit from this will be offered financial incentives to retire early or to switch to other crops. It is estimated that vineyards covering about 1m hectares fall into the second category.

French irritated by UK attitude

BY ROBERT MAUTHNER

THE FRENCH are showing increasing signs of irritation at what they consider to be Britain's negative attitude towards the Common Market and a serious clash between the two countries in the autumn has become a distinct possibility, according to observers here.

For the moment, French officials are tending to play down the many disagreements which have arisen between the two countries over the Community's agricultural and fishing policies, European monetary co-operation and British participation in the Airbus consortium. But the State-controlled radio and television, as well as some newspapers, are beginning to adopt a noticeably hostile attitude towards Britain's European policies.

A statement by Dr. David Owen, the UK Foreign Secretary, calling for a radical overhaul of the EEC's Common Agricultural Policy and British suggestions that a reform of the farm policy

should be linked to an agreement on closer European monetary co-operation were given pride of place in early morning news bulletins in Paris.

The Brussels correspondent of the Paris paper, Le Monde, in an article today emphasising that Britain and France were at odds over the majority of issues currently being discussed in the Community's Council of Ministers. The British, he said, would do everything in their power to divide their Common Market partners, and, in particular, to undermine the Franco-German partnership.

The French, who have always considered the Common Agricultural Policy to be the unshakeable centre-piece of European co-operation, are even more sensitive on this issue than normally. The Government is already under heavy pressure from the powerful farmers' organisations not to give anything essential

away in the forthcoming negotiations on the entry into the European Community of Spain, Portugal and Greece. The south-western French wine and fruit growers, who have long complained about the competition they will face from Spanish producers of Mediterranean products.

In talks with President Giscard d'Estaing yesterday, the farmers' leaders were given an assurance that their interests would be protected by the Government and that the shock of competition from new members would be cushioned by long transitional periods.

The Government clearly fears that Britain will use the opportunity given to it by the enlargement negotiations to revamp the entire Common Agricultural Policy. Given the strength of the farmers' lobby in this country, this is something no French Government could ever accept.

W. Germans discuss tax cuts

BY ADRIAN DICKS

THE WEST GERMAN Cabinet was reported tonight to be closing its remaining differences on precisely how to fulfil the pledge it made at last week's world economic summit to inject up to DM 13bn into the domestic economy.

The Government spokesman, Herr Klaus Boelling, declined to give details of the Cabinet discussions. However, it was believed this evening that the main emphasis of the package to be announced tomorrow or on Friday would be on tax reductions, rather than on additional public spending.

Despite this reported emphasis, it was also regarded as virtually certain this evening that the measures will include an increase in child allowances and in funds made available to smaller companies by the Research and Technology Ministry.

Herr Boelling indicated that the 1979 budget might be decided by late tonight. With a draft for total outlays of some DM 201bn presented to it by Herr Hans Matthöfer, the Finance Minister,

the Cabinet has heard from its experts that tax revenues in 1978 and 1979 together will be nearly DM 7bn more than had been expected.

This development was seen here today as lifting some of the political pressure against higher public spending. Dr. Otmär Emminger, president of the Bundesbank, gave his estimate of the prospects for financing the capital market, and according to some reports, is no longer as concerned as he was a month ago that this might push up interest rates.

At the same time, however, Herr Matthöfer last night hinted that he too now favours tax reform rather than increased outlays, partly on grounds of equity towards people on lower incomes and partly because he believes the effect on demand would be more immediate.

Although the Free Democrats, junior partners in the coalition, have been trying hard to make tax reform their own particular

cause, it appeared tonight that the remaining differences between them and the Social Democrats over the issue are more about timing than about substance.

Against the background of the Cabinet deliberations here, the Munich-based IFO economic research institute today reported a further recovery in business confidence. On the basis of its monthly survey of business opinion, carried out in June, the institute reported that "the weak phase has been overcome."

Companies reported both increased optimism for the next six months and a more positive view of current conditions than they had expressed in May.

Non-aligned Arabs hold talks on strategy

BRUSSELS, July 26.

Member countries of the Arab League taking part in the non-aligned Foreign Ministers' conference met yesterday to discuss the Middle East situation and try to work out a common strategy.

This was the first meeting since last November to bring together Egypt and members of the so-called "Rejectionist Front," opposed to President Anwar Sadat's Middle East peace initiative towards Israel.

The meeting formed an ambassadorial committee to discuss the Palestinian issue, and to try to work out common Arab strategy at the conference and in future moves towards finding a Middle East solution. Arab officials said.

Middle East diplomats said the meeting could lead to new initiatives aimed at restoring Arab unity.

Danish output rises
Danish industrial output increased in the second quarter but will be almost unchanged in the current quarter, according to a Bureau of Statistics survey, writes Hilary Barnes in Copenhagen.

For the second quarter 21 per cent more companies reported an increase in output than a decrease, but the excess of positive replies from companies was only 3 per cent for the third quarter. There were 168,600 unemployed in June compared with 145,900 in June last year, an increase from 6.9 per cent to 7.8 per cent of the labour force.

Belgian bank rate

Belgium will raise its bank rate to 6 per cent from 5.5 per cent from today, Reuter reports from Brussels. The National Bank said the increase was being made because Holland had raised its bank rate to 4.5 per cent from 4 per cent. Belgium traditionally aims to keep a similar spread between its interest rates and those in neighbouring Holland.

New shoppers' trip

The British-owned floating supermarket "Aquamar" yesterday set off on its third round trip to Dunkirk with 210 passengers on board—only one-third of the number who sailed on its maiden voyage two days ago, Reuter reports from Ostend. The idea of offering Europeans cheap British goods without having to cross the Channel has proved a money-spinner for the port authorities in Ostend, but not the shoppers. The shoppers have not been able to get off at Dunkirk as planned, and Belgian Finance Minister Gaston Geens personally ordered Ostend customs officers to levy Value Added Tax on all goods bought on board.

Italian rent law

A five-year rent freeze that has driven Italian landlords to leave tens of thousands of flats empty ended yesterday with the passing of a much-amended National Rent Act, Reuter reports from Rome. It was voted into law by the Senate in a hard-fought deal between the Government-supporting parties—including the Communists—and against opposition from the Far Left, which claimed it penalised the poor. Under the act all rents in towns and cities will be worked out as a percentage of the value of a flat, based mainly on original building costs.

Eanes prepares to dismiss Soares, call new elections

BY OUR OWN CORRESPONDENT

LISBON, July 26.

PRESIDENT Antonio Ramalho Eanes of Portugal is now practically certain to dismiss Prime Minister Mario Soares's mixed Socialist-Christian Democrat government shortly, and announce early general elections.

The President was reliably reported today to have advised both partners of his decision, and was waiting to hear the opinion of the Revolutionary Council, a constitutional watchdog body, before making it public.

Sr. Joao Gomes, the Socialist Information Minister, also today told foreign journalists in Lisbon that new elections seemed inevitable.

The Socialists, Sr. Gomes said, believed the country was facing a crisis, and that the President's attempt to end the crisis by appointing a caretaker government—whose composition is not yet clear—recall the Republican Assembly currently prorogued until October, and schedule elections as soon as possible.

Because a new electoral law has still to be approved and registration of votes carried out, the earliest date that elections can be held is next January.

Meanwhile, the Socialists and the CDS have both publicly acknowledged that the collapse of their alliance will have international repercussions, especially on negotiations to join the EEC, due to start in October, and on the door of the conservative foreign investment.

Christian Democrats—the CDS. He stressed that the CDS, junior partners in the alliance, had pulled their share ministers out of the Cabinet, in an attempt to exert pressure, and then announced the accord on which the Government was formed last January.

The CDS continue to be optimistic that a new agreement, taking account of their dislike for the Agriculture and Health Ministers, can be worked out with the Socialists. It was their disagreement with the policies pursued by these two men which led to the departure of the three CDS Ministers from the Cabinet and precipitated the crisis.

The scenario likely to develop once the Government is dismissed is laid down in the constitution. The President will appoint a caretaker government, whose composition is not yet clear—recall the Republican Assembly currently prorogued until October, and schedule elections as soon as possible.

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Four-day Spanish petrol station strike threatened

BY JIMMY BURNS

MADRID, July 26.

SPAIN'S two most powerful unions, the Communist Workers Union (CCO) and the Socialist UGT, will urge workers at more than 3,000 privately-owned petrol stations throughout the country to begin a four-day strike as from Friday, unless employers agree to a substantial collective pay increase, and improved working conditions.

Ministry of Labour officials will tonight meet employers and union representatives in a final attempt to settle the dispute and prevent disruption of Spain's peak holiday season, which begins this weekend.

Three weeks ago the unions gave notice of their intention to press for an increase of Ptas 8,190 over the workers' present monthly minimum salary of Ptas 21,700.

Accompanying this is a demand that employers introduce greater safety measures at the petrol stations, a number of which have been attacked by armed robbers in recent months.

Employers are offering an award of not more than Ptas 3,000 on the present minimum wage.

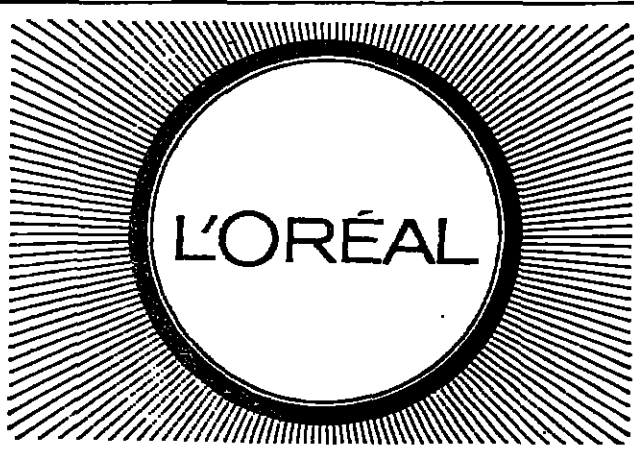
The employers claim that the union demand is in excess of the 22 per cent guideline for 1978 agreed by the Government and Opposition parties in the Moncloa pact last October. The unions deny this.

The divergence is due to disagreement about whether the total to which the guideline applies does or does not include social security payments.

Until now union representatives have maintained that workers at privately-owned petrol stations fall into a special category, as their minimum wage was fixed for the first time only last year.

Their average salary is only half that earned by workers in the country's 34 nationalised petrol stations, and wages in this sector are between 20 and 25 per cent below the average for industrial workers.

If the strike goes ahead, it is expected to be most effective in areas in and around Madrid, and on the motorways leading from here towards the south. It is in this area that both socialist and Communist control of the country's 25,000 petrol stations workers is strongest.



ANNUAL GENERAL MEETING

30th June, 1978

The Annual General Meeting of shareholders was held on June 30, 1978 under the chairmanship of Mr. Francois Dalle and approved the accounts for the 1977 financial year.

In Frs. million	1974	1975	1976	1977
Consolidated sales	3,208.4	3,638.1	4,220.2	4,810.1
Net profits	105.4	150.8	195.2	134.7
—Investment provisions*	+6.1	+7.1	+6.2	+4.2
—Capital gain on assignments	—9.2	—3.6	—2.2	+1.3
—Exceptional taxes	+13.7			

Group profits	116.0	154.3	189.2	140.2
Profits per share (in Frs.)	36.49	49.13	68.31	48.55

At the Board Meeting of April 26, 1978, it was decided to increase the capital from Frs. 252,164,800 to Frs. 315,206,000 through the incorporation of reserves and distribution of bonus shares at the rate of one new share for every four old shares.

These shares will bear effect as from January 1, 1977, and will go ex-coupon as from July 10, 1978. It was decided at the meeting, at the Board's suggestion, to maintain the dividend at Frs. 10.65 on the increased capital. This represents a 25% increase of the total dividends paid over the previous financial year.

Because of L'OREAL's heavy financial commitments in scientific research during the year 1977, the importance of the financial investments made in 1977 for the launching of numerous products, and finally the increased international development of the Group, results for the year 1978 should show a marked progression over the year 1977.

Copies of the 1977 annual report, in French or in English, may be obtained from:

L'OREAL, Information Financière,
14, rue Royale - 75008 Paris (France)

Policy confuses Italy's Communists

By Dominick J. Coyle

ROME, July 26. CRITICISM of the image and some of the policy of the Italian Communist Party has come from a number of delegates attending the party's central committee meeting which ends in Rome tonight.

It reflects tensions within the party, particularly between the leadership and the rank and file, over the Communists' limited alliance.

The party's parliamentary association with the governing majority is puzzling some of its supporters. "We have been nurtured on the principle of outright opposition to the Christian Democrats. One delegate told the leaders that at a time when the party had reached its highest electoral and electoral weight, there was a risk that the social 'foundations of our strength may weaken.' Another suggested publicly that the party's recent setback in local elections could be traced to confusion created by the party's shift from its traditional role.

It has also been suggested that the image of the party as a mass party is in danger of being eroded. A delegate said there was difficulty in recruiting new members. The party was faced with responsibilities proper to a majority party without holding the reins of executive power.

Sig. Enrico Berlinguer, the party leader, has invited self-criticism within the party, but some of the comments made this week indicate that a closing of ranks will be necessary if the party is to present a united national congress next spring.

Sig. Gerlinguer will have to then point to definite Government measures influenced by the party and reflecting its policy objectives. But many right-of-centre elements in the ruling Christian Democratic Party will be working strongly against any such accommodation with the Communists.

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Banque Internationale pour l'Afrique Occidentale

US\$ 20,000,000
Floating Rate Notes 1978-1983

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Crédit Commercial de France

S.G. Warburg & Co. Ltd.

Nomura Europe N.V.

Algemeene Bank Nederland N.V.

A.E. Ames & Co. Limited

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Banca Commerciale Italiana

Banca Nazionale del Lavoro

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Bank Gutzwiller, Kurz, Bugmann (Overseas) Limited

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Banque Bruxelles Lambert S.A.

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Banque Européenne de Tokyo S.A.

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Banque Française de Crédit International Ltd.

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Caisse des Dépôts et Consignations

Crédit Agricole (C.N.C.A.)

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SPAIN'S CONSTITUTION: 'PARLIAMENTARY KINGDOM'

Form of government: "The political form of the Spanish state is that of a parliamentary monarchy." The King is constitutionally entitled to propose a candidate to the Presidency, convene and dissolve Parliament, give the royal assent to laws, and exercise the royal pardon in individual cases. He is also the supreme commander of the armed forces.

The Cortes represent the Spanish people. Both the lower house and upper (the Senate) can introduce legislation, and censure actions taken by the Government.

The armed forces (not including the Civil Guard or the Police) "have as their mission to guarantee the sovereignty and independence of Spain and to defend the unity of Spain and the Constitution."

Religion: Religious freedom is guaranteed. There is no official State religion but the

"administration will take into account the religious beliefs of the Spanish society and maintain the consequent relation with the Catholic Church and the other denominations."

Torture and the death penalty: "Under no circumstances can a person be submitted to torture. The death penalty is abolished except for those members of the armed forces who fall under military jurisdiction."

Workers' rights: The Constitution guarantees the right to form trade unions, the right to strike (though this may be regulated by law in strikes by workers belonging to "essential services").

The regions: "The Constitution is based on the indivisible unity of the Spanish nation... and guarantees the right of autonomy of the various nationalities and regions which form part of it."

The Spanish flag and the

Spanish language are the official flag and language of the State, but the Constitution recognises the right of the regions to use their own language and their own flags.

The Spanish state is responsible for justice and the police in the regions but "opens the possibility for the setting up of a local police force."

The Constitution proscribes federations and self-determination in the regions.

Economy: The Constitution recognises "public initiative in the economy. Legislation can reserve for the public sector resources and essential services especially in cases of monopolies, and at the same time permit State intervention whenever this is judged to be in the common good." Private property is defined as a right, and also the activity of companies within a free market economy.

Basque party remains aloof from a hard-won consensus

BY JIMMY BURNS IN MADRID

LATE LAST Friday, as the parliamentary civil guard combed a village near Madrid for the killers of the first military Republic.

The Communist Party has argued successfully for the Cortes to approve the Constitution. In the original draft the absence of mention of the Church led to public protests by the Spanish bishops and many of the country's Catholics. The abolition of the death penalty, originally included in the final text, again through agreement between the main parties.

"Consensus politics" will in all probability, ensure that the bulk of the text is approved by the Senate next month. Legally the passing of the Constitution in a nearby bar, toasting the champagne, temporarily forgetting that at that very moment army officers were talking of the urgent need for the military to take a more active role in the fight against terrorism.

To some extent the celebration was justified. Since the day, over 15 months ago, when the little tentative draft of the Constitution was considered, observers had doubted the ability of Spain's main political parties to bury their ideological differences over it. At one stage in the discussions of the final text, the Constitution Socialists abandoned the debate, did not define sufficiently the autonomous status of the Basque country.

There are signs that the PNV's withdrawal from the Cortes on Friday will not necessarily mean politics, a commonsensical approach based on the idea that if the Constitution we have is not quite what we want, it is certainly better than not having one at all.

With this in mind, the parties have backed down on issues leading PNV deputy said. For the moment, the arguments remain the same. The members. The Socialists have Government and the main accepted (with reluctance) the

the Constitution has gone far enough on the question of autonomy, and that any further amendment would carry with it the danger of creating a "state within the state."

Moreover they have warned the PNV that if it fails to endorse the Constitution, the Basque country could become a focus of political militancy and violence in the referendum, leaving the region open to manipulation by ETA, the Basque terrorist organisation.

Last Thursday there were signs that the PNV might be prepared to accept the amendments to the text proposed by the Government and the Socialists. These provided the recognition of the autonomous rights of the various Spanish regions should be extended to include a more specific reference to the Basque region. What in the end led to a breakdown in the negotiations was by the Government at the last minute that the PNV should publicly declare both its allegiance to the "unity of Spain" and its total rejection of self-determination for the Basque country.

To the PNV, a party that has always been keenly aware of its nationalist roots, both declarations were politically inadmissible. For a long time now the bulk of its support as, particularly among young people, have been hesitating between the PNV and the more extreme left wing Basque parties. The PNV's view both declarations would push much of its support into the ETA camp.

This belief is not shared by the Spanish armed forces, who are believed to have played an influential role in causing the Government to make these two demands.

For the Spanish military, moulded by 40 years of Francoism, the unity of Spain remains, as it was during the Spanish Civil War, an almost sacred precept.

Spanish steel plants to close

By Jimmy Burns

MADRID, July 26. AS PART of an overall restructuring of Spain's depressed steel industry, management at Ensidesa, the largest integrated steel company in the country, has announced a short-term plan to help reduce excess capacity. This will involve shutting down antiquated machinery, including two synthesising machines and coke batteries at its three factories in Asturias, in North-west Spain.

Although the measures include building a new industrial complex capable of creating alternative employment, Ensidesa's management as yet remain vague concerning the reduction of its 28,000 workforce. According to officials at the Ministry of Industry, the shut downs would immediately affect some 700 workers, though it is expected that these will be found alternative employment. Ensidesa, which is 88 per cent owned by INI, the State holding company, had a deficit of Ptas 10.9m in 1977. Its problems are similar to those facing the two other integrated steel companies, Altos Hornos de Vizcaya (AHV) and Altos Hornos del Mediterráneo (AHM). AHM together with Ensidesa accounts for 75 per cent of the integrated sector.

SOVIET DISSENT AFTER THE TRIALS

Shaken, but ready to rise again

BY DAVID SATTER IN MOSCOW

WITH THE sentencing of Dr. Yuri Orlov, Alexander Ginzburg and Anatoly Shcharansky, an uneasy sense of ideological calm has settled over Moscow. The Soviet authorities bid to destroy the groups set up to monitor the 1975 Helsinki accords has shaken the dissident movement, which never, in any case, contained more than a few hundred activists, and it will need time to reorganise.

However, it is virtually certain that the authorities' attempt to crush dissent through long prison and exile sentences, but without full recourse to Stalin's bloody methods, will fail.

With each wave of arrests and trials since the trial of the writers Andrei Sinyavsky and Yuli Daniel in 1966, the end of the dissident movement has been predicted. On each occasion, they have resurfaced with renewed energy.

The resilience of Soviet dissent lies in the facts that it is both an inevitable response to the complete lack of individual political rights, and a specific sub-culture, because its members have chosen to join it, fully aware of the risks they run, is ineradicable under present circumstances.

The Soviet Union, although more tolerant than it was in Stalin's time, employs intensive police surveillance, ubiquitous informers, eavesdropping and letter opening. The Soviet citizen has in practice no right to free speech or assembly, no ability to form independent organisations or to publish opposing opinions. As the trials of the dissidents demonstrated, there is no guarantee of due process of law.

The dissident movement has various elements—democratic dissidents, nationalists, the religious rights movement, Jews seeking to emigrate—but in general consists of people who have dedicated themselves to working for the creation of reliable political rights as the only means through which their other goals can be effectively realised.

The dissidents are self-selected. They know their activities will end their careers and could mean that they go to prison. The need to be prepared to accept the grim consequences is why the dissident movement is so small numerically, but also so wide in influence (almost everyone in the Soviet Union is aware of it) and so difficult to suppress. Any dissident gathering is peopled by those who have been to the

labour camps or are soon to go, and they are hard to intimidate.

The present campaign against dissent, which is only the latest of a series dating from the late 1960s, began with the seizure of Alexander Ginzburg in February 1977 outside a pay telephone booth near his wife's apartment. It grew out of a basic feature of Soviet life, the Soviet desire to make solemn international human rights commitments without loosening the State's total control.

The Soviet authorities signed the Helsinki accords aware that they could not honour them.

With their formation of the Helsinki agreement monitoring group in May 1976, the dissidents accepted the implicit challenge to hold the authorities to their word.

The arrest of more than 20 members of "Helsinki" groups in Moscow, the Ukraine, Lithuania, Georgia, and Armenia in the last year and a half and the sentencing of 16 of them has deprived the movement of its most effective leaders but has far from destroyed it.

On July 16, the day after Anatoly Shcharansky was sentenced, remaining Moscow dissidents crowded into the apartment of Dr. Andrei Sakharov, the Nobel Peace Prize winner, to reiterate their determination and announce the appointment of a new member of the Moscow-based Helsinki Group, Professor Sergei Polikanov, a nuclear physicist and corresponding member of the Soviet Academy of Sciences. Professor Polikanov said he was joining the group in

light of recent "significant losses" and would contribute to its work in any way he could.

The disparity between the freedoms the Government professes to guarantee and those it actually grants is typical of the Soviet Union. The authorities about Soviet violations which make human rights commitments and, for the first time, the dissidents would have a directly concerned external ally.

The crackdown on dissent, which has been unprecedentedly thorough, has often been depicted as a response to President Carter's human rights campaign. In fact, the interrogations and searches which are normal preparations for arrest, began before President Carter assumed office and the authorities would have almost certainly acted to suppress the Helsinki group regardless of who had been in the White House.

Soviet authorities may thus ignore ostensible rights and freedoms but can never disavow them. When two dissidents went to the Moscow City Council last year to say that they planned to hold a demonstration in Pushkin Square to mark United Nations Human Rights Day, they were not told that such a demonstration would be illegal, but merely advised that if hoodligans from nearby cafes decided to beat them up, it would be exclusively their fault.

The atmosphere of unreality which this situation creates is no very surprising. The Communist Party's dominance of all organisational life—political, religious or cultural—means there is a social vacuum in the Soviet Union which would immediately draw in a wide range of discontented elements were it not for the system. The Helsinki group, in the eight months during which it operated freely, established a network of contacts all over the country, and began receiving an enormous volume of mail. If allowed to exist, it could have tangible benefits such as Western

agreement to the European territorial status quo in exchange for specific Soviet undertakings on human rights, the situation changed. If the West was serious about compliance, the Western powers would need information about Soviet violations which only the dissidents could supply and, for the first time, the dissidents would have a directly concerned external ally.

The crackdown on dissent, which has been unprecedentedly thorough, has often been depicted as a response to President Carter's human rights campaign. In fact, the interrogations and searches which are normal preparations for arrest, began before President Carter assumed office and the authorities would have almost certainly acted to suppress the Helsinki group regardless of who had been in the White House.

The Soviet Union was born of a successful conspiracy and per-haps acting out of unconscious memory, the authorities immediately suppress any form of independent organisation. This is no very surprising. The Communist Party's dominance of all organisational life—political, religious or cultural—means there is a social vacuum in the Soviet Union which would immediately draw in a wide range of discontented elements were it not for the system.

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Suspended sentence for Jewish activist

BY OUR OWN CORRESPONDENT

MOSCOW, July 26.

MRS. MARIA SLEPAK, the wife of Mr. Vladimir Slepak, a recently exiled Jewish activist, was today given a suspended three-year labour camp sentence after being convicted of malicious hoodlism.

The unexpectedly light sentence meant that she was released from custody and is now able to join her husband in Siberian exile while maintaining their Moscow residence.

The Slepaks were arrested on June 1 for hanging a banner from the window of their central Moscow apartment reading: "Let us leave to join

our son in Israel." They have been trying to emigrate to Israel for more than eight years.

Mr. Slepak, a member of the dissident Helsinki agreement monitoring group, was convicted of hoodlism last month and sentenced to five years' internal exile, but the prosecutor recommended leniency in Mrs. Slepak's case because she was a pensioner and had never been tried before.

Under the terms of her sentence, Mrs. Slepak can be sent to a labour camp to complete the balance of her term if she

commits a punishable offence during the three-year period. If Mrs. Slepak does not commit a punishable offence during that time, the conviction is expunged.

This is the first show of leniency in the recent run of dissident trials. Mr. Lev Lukyanenko, a founder member of the Ukrainian Helsinki group, was sentenced last week to the maximum penalty of ten years in a special regime labour camp and five years' exile after being convicted by a court in the Ukrainian town of Gorodnya of anti-Soviet agitation.



Anatoly Shcharansky

become an institutionalised internal opposition with wide sources of information and important foreign contacts.

President Carter's human rights campaign far from inspiring the arrests, may actually have helped the dissidents in the long run, by emphasising to the Soviet leader the continuing outside interest in the dissidents' fate.

The international reaction to prosecution of dissidents for attempting to exercise rights officially endorsed by the Soviet Government and generally acknowledged to be basic to human dignity, sets limits on Soviet behaviour. The system would never generate itself. There will be no protest demonstrations in Red Square if Dr. Sakharov is arrested but the Soviet authorities must consider what would happen outside the country and to the Soviet Union's prestige.

Part of the reason the Soviet Union signs international human rights agreements in the first place is because it wants international respectability. The Soviets will probably continue to sign such documents if, for no other reason, out of a reluctance to disqualify themselves as suitable signatories.

What the Soviet authorities may not fully realise is that the rest of the world which does not accept the Soviet definition of the individual as without political rights before the State, will probably continue to react. The continuation of mendacious political trials backed by the full authority of the Soviet State is likely, therefore, to be a source of tension between Russia and the West for years to come.

It may be hoped, however, that the dissidents' selfless activities—so apparently fruitless—may over time and with the help of this Western reaction be a source of pressure on the Soviet Union to become less closed and rigid.

U.S. rebuffs Russia Page 4

International financing with a global clientele highlights another successful year.

Balance Sheet as at 31st March, 1978

ASSETS	Francs	LIABILITIES	Francs
Liquid assets and balances		Liabilities to banks	53,998,899,410.-
with banks at sight	5,814,443,802.-	Liabilities to financial institutions	558,335,000.-
Balances with banks for agreed periods	14,301,923,376.-	Liabilities to non-banks	1,918,333,087.-
Balances with financial institutions	7,563,005,178.-	Other liabilities	2,449,307,778.-
Secured advances	2,593,118,135.-	Provision for contingencies	1,163,936,776.-
Unsecured advances	13,082,869,920.-	Capital and reserves	1,321,000,000.-
Securities	16,389,777,882.-	Profit brought forward and profit for 1977/78	256,799,776.-
Other Assets	1,919,473,534.-		
Total Assets	61,664,611,827.-	Total Liabilities	61,664,611,827.-

Gearing its expansion to the steady development of the Euromarket, DGZ International continued to strengthen its position in interbank money activities, serving a worldwide clientele of first addresses. Expert foreign exchange and money dealing in connection with its extensive international financing complement the Bank's services.

The Bank again achieved good results for the financial year ending 31st March, 1978. Total assets rose to Flux 61.665 billion, a growth of

nearly Flux 7 billion (12.8%) over the previous year.

DGZ International in Luxembourg is a wholly-owned subsidiary of one of Germany's major banks, the Frankfurt-based Deutsche Girozentrale — Deutsche Kommunalbank — (DGZ), the member institute on the federal level of the German savings banks organization.

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The Directors of Atlantic Computer Leasing Ltd. are pleased to announce their interim results for the period 1/1/78-30/6/78:

	1978 first half	1977 the year
Group Turnover	£4,661,730	£6,684,535
Trading Profit	£606,550	£723,285
Investment Income	£55,920	£14,614
Gross Profit	£662,470	£738,795
Net Assets	£1,897,662	£1,289,074

— continuing strong demand for 370 Flexline leasing program — availability of second-user systems much improved — improved profits picture due in the main to greater productivity within Sales Organisation and the availability of reasonably priced second-user 370 systems for lease — continued growth through 1978 expected with forecast turnover of at least £10m.

— extract from Managing Director's interim report
Copies of the Interim Results are available on request

Atlantic Computer Leasing Ltd. 27 Chancery Lane London WC2A 1NF
Tel: 01-405 8238 Telex: 268344

Notice of Redemption

Clark Equipment Overseas Finance Corporation

4½ % Guaranteed Debentures Due 1981

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of March 1, 1966, as supplemented, under which the above-described Debentures are issued, Clarkbank, N.A. as successor Trustee, has selected \$35,000 principal amount of such Debentures for redemption on September 1, 1978 (herein sometimes referred to as the Redemption Date) through the operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date as follows:

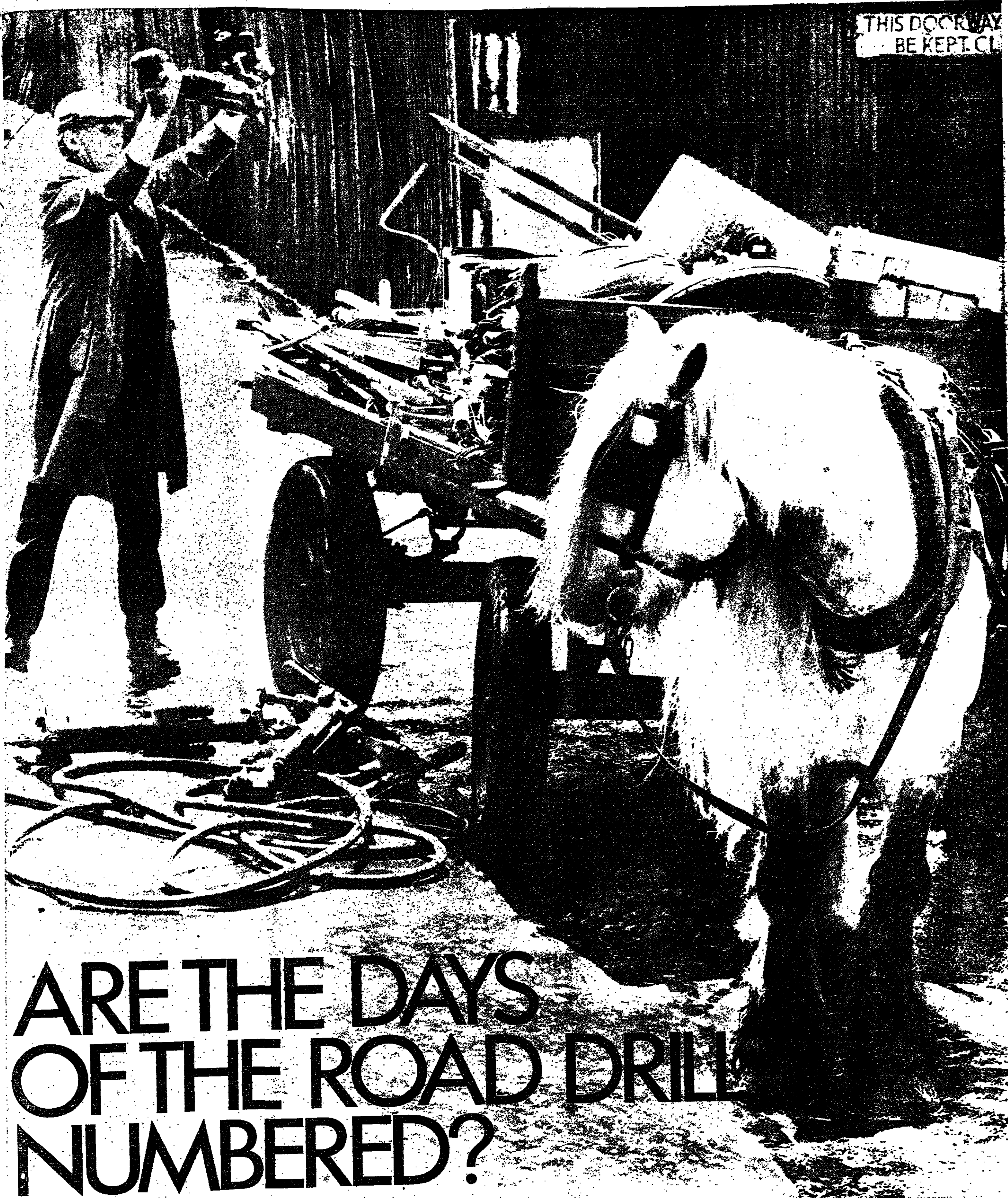
\$10,000 COUPON DEBENTURES BEARING THE PREFIX LETTERS M
455 700 1448 1703 2454 3261 4440 5671 6818 8293 9684 11034 11455 12700 13920 14281 14885
609 750 1326 1587 2119 2822 3580 4411 5101 6233 7264 8294 9324 10354 11372 12407

The Debentures specified above are to be redeemed for the Sinking Fund (a) at the Corporate Trust Department of Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, New York 10015 or the Corporate Trust Department of European-American Bank & Trust Company, 10 Hanover Square, New York, New York 10005 or (b) subject to any laws or regulations applicable thereto, at the principal offices of Morgan Guaranty Trust Company of New York in London and Paris and the principal offices of Deutsche Bank Aktiengesellschaft in Frankfurt, Banque Societe Generale du Banquet S.A. in Brussels, Deutsche Bank Aktiengesellschaft in Frankfurt, Banque Societe Generale du Banquet S.A. in Luxembourg and Credit Industriel d'Alsace et de Lorraine in Luxembourg, the Company's Foreign Agents. Payment at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City. On the Redemption Date such Debentures shall become due and payable at the Redemption Price, and on and after such date interest on the said Debentures will cease to accrue.

The Debentures specified above should be presented and surrendered at the offices set forth in the preceding paragraph on the said date together with all interest coupons maturing subsequent to the Redemption Date. Coupons due September 1, 1978 should be detached and presented for payment in the usual manner.

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BP chemicals-making it all happen

WORLD TRADE NEWS

French talks on Australian uranium enrichment plant

BY DAVID CURRY

PRELIMINARY discussions have taken place over the past two weeks between France and Australia on the possibility of French purchases of natural uranium and of participating in the construction of a uranium enrichment plant in Australia.

A French mission led by a senior civil servant in the Energy Directorate, M. Paul Monre, was in Australia last week and had discussions with senior ministers, including the Prime Minister, on various energy questions ranging from uranium to coal.

This week the Australian deputy Prime Minister and Trade and Resources Minister Mr. Douglas Anthony has been in Paris to have talks with the French Minister, M. Andre

Pinon and the head of the French Atomic Energy Commission, M. Michel Pequeur. He visited the site of the Eurodif gaseous diffusion enrichment plant at Tricastin, the Phoenix fast breeder reactor and the Marcoule vitrification plant to treat nuclear waste.

The French are anxious to diversify their nuclear supplies in the medium term. At the moment, about half their needs are supplied by French mines and most of the remainder comes from Africa. The Atomic Energy Commission has a wholly-owned subsidiary, Afmelec, active in the field of uranium exploration as well as links with Australian companies.

In 1972 a joint feasibility study of a gaseous diffusion plant

was called off as an Australian protest against French nuclear tests in the Pacific. The Australians are now talking with a number of countries including the British-German-Dutch-Ureco consortium, Japan, the U.S., and the French about an enrichment plant as part of the policy of increasing the value of nuclear exports.

However, the Australian priority at the moment is to open up new mines for the sale of raw materials which could start producing in the early 1980s. (The Canberra Government is insisting that potential purchasers must sign a safeguard agreement defining the use and destination of uranium supplied before deliveries can be negotiated. Finland has just become the first

ASEA-Atom in U.S. talks

BY WILLIAM DUFFLORCE

STOCKHOLM, July 26.

ASEA-ATOM, the Swedish nuclear power company, confirmed today that it is negotiating an agreement with General Electric (GE) of the U.S. for the joint development of boiling water reactors. The company would give no further details until talks are completed.

ASEA-Atom has been called into the negotiations, according to Swedish press reports from Tokyo, at the request of the Japanese, who have not been satisfied with the performance of their existing nuclear power plants. The Tokyo Denrioku

Electricity Company, which is negotiating new power station contracts with GE, has asked that ASEA-Atom join the development group, according to these reports.

For the Swedish company, which is owned half by the Swedish state and half by the ASEA heavy electrical engineering group, an agreement with GE and the Japanese would open up new markets at a time when domestic controversy over limiting its prospects.

Airbus wing order for Fokker-VFW

BY CHARLES BATCHELOR

AMSTERDAM, July 26.

AIRBUS INDUSTRIE has decided to award the contract for the construction of the wing-frame for the new B-10 version of the A-300 Airbus to the Dutch-German group Fokker-VFW.

This further reduces the likelihood that British Aerospace will be involved in the new generation of European passenger aircraft. The construction of the wing-frame and final assembly will be carried out by the German side of the Fokker concern, VFW-Fokker in Bremen.

The UK Government has been delaying a decision on whether it joins in the new Airbus programme or whether it opts for a partnership with an American manufacturer. The UK at present builds the wings for the large E-2 and E-4 versions of the Airbus.

While the UK Government has not yet taken a final decision on whether to go for European or American co-operation, its chances of taking part in the B-10 become less as time goes by. Substantial British participation would require a redistribution of the shares in the new aircraft, a Fokker spokesman said here.

The 200-seat B-10 was formally given the go-ahead by the French and West German governments earlier this month.

The decision to award the design contract and the construction of the wings to VFW-Fokker strengthens the West German role in the partnership.

The new, thicker wing, which is meant to cut fuel consumption by 15 per cent compared with the Airbus's existing wings, has been designed with the help of the German Ministry of Technology.

While Fokker is still formally a joint German-Dutch venture, talks are currently being held aimed at merging the German part of the company with Messerschmitt-Boelkow-Blohm (MBB). Fokker would retain a shareholding in the German production company through its central holding company in Dusseldorf.

Fokker is still awaiting a decision by the Dutch Government, whose financial backing it requires, on whether Holland should join in the new Airbus project.

Fokker is an associate in the present group supplying the movable parts of the aircraft wings. No decision can be expected until the second half of August at the earliest on Dutch participation because of the holiday period, an Economics Ministry spokesman said today.

EEC anti-dumping

The provisional anti-dumping duty imposed by the EEC Commission on imports into the EEC of ferrochromium originating in South Africa and Sweden has been extended with effect from July 19, 1978 to cover also ferrochromium manufactured by Ferrolageringar Trollhättaverken AB, Sweden.

ECGD backs \$200m loan

THE Export Credits Guarantee Department has guaranteed the repayment and funding for a \$200m loan arranged by S. G. Warburg on behalf of a syndicate of ten banks to Empresa Nucleares Brasileiras (NUCLEBRAS), Brazil. The loan will help finance the \$235m UK portion of a contract awarded by Nuclebras to Ureco for nuclear fuel enrichment services.

Ureco is an Anglo-Dutch-German consortium in which British Nuclear Fuels is a partner. Finance from the loan will be drawn down during the period 1982-1987.

Australian car imports

Imports of assembled new cars into Australia in fiscal 1977-78 were well below quota, according to preliminary figures from the Australian Statistics Office.

The Federal Government set the quota at an annual rate of 90,000 cars for the first six months of fiscal 1977-78 and lifted it to 94,000 for the second six months.

Only 83,947 vehicles were imported during the year, down 19.8 per cent from imports in 1976-77. Imports peaked at 115,261 in May 1977, down from 122,261 in April 1977, and those from Britain fell from 2,352 to 2,270.

'Village' for Kuwait

International System Buildings, of Wylle, Gwent, have been awarded a £700,000 contract for the construction and supply of a complete, portable labour camp "village" outside Kuwait City.

EEC textile plan accepted by UK

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, July 25.

BRITAIN HAS lifted its four-month-old reserve on the EEC's proposed textiles imports arrangements with Portugal after receiving assurances that the Brussels Commission would act promptly if imports from Mediterranean countries threatened to disrupt the UK market.

Mr. Edmund Dell, the Trade Secretary, said after an EEC Foreign Ministers' meeting here that the assurances helped to remove the "outstanding doubts and ambiguities" about the work in which the community's textile imports arrangements operated.

He claimed that the concessions which he had obtained, together with the bilateral agreements already concluded by the Community with other low-cost supplier countries, would produce the climate of confidence which the British textile industry said that it needed.

He said that Herr Wilhelm Haferkamp, the External Affairs Commissioner, had promised that the Commission would take action in future if there was an "imminent threat" of Mediterranean textile imports reaching their UK ceilings, rather than

waiting until after this had occurred.

It was agreed that if the UK could show, on the basis of its national trade figures, that there was a danger of the ceilings being exceeded, the Government could appeal to the Commission to take action.

Britain also obtained a further safeguard in the form of a promise by the Commission to extend the principle of the so-called "basket extractor" mechanism contained in bilateral agreements to imports from Mediterranean countries.

This would permit the Community to impose quantitative restrictions on exports to the UK of products in categories not previously covered by quotas.

Mr. Dell made it clear that he expected the Commission's assurances to apply to imports not only from Portugal, but also from Greece, Spain, Malta and Cyprus. The Commission recently imposed quotas on textiles imports from Greece, after it had been found that the import levels contained in the bilateral "understanding" reached with the Athens Government last December had been exceeded.

Wool exports in May the best for nearly a year

BY RHYS DAVID, TEXTILES CORRESPONDENT

WOOL TEXTILE exports, which have been affected in recent months by continued weak demand for textiles worldwide, picked up again in May reaching their highest level for almost a year.

The industry, one of Britain's top overseas earners, sold goods worth £35.3m overseas in May, an increase of £3.6m on the previous month, though still £700,000 down on the same month last year.

The increase in sales in May has enabled the industry to catch up with the first five months of last year in the total value of sales—roughly £164m—though in

real terms it is still behind because of the effect of inflation. Sales of woollen cloth in the first five months of this year totalled 11.2m square metres compared with 12.7m square metres in the same period last year. Woollen cloth sales rose, however, from 6.8m square metres to 8.1m square metres.

Yarn exports in the first five months at £31.2m were down 7 per cent over 1977 (14 per cent less in volume) and raw wool at £20.1m was down 10 per cent (17 per cent less in volume). Earnings from tops (combed wool) were down 23 per cent to £21.8m and sales—roughly £164m—though in

real terms it is still behind because of the effect of inflation. Sales of woollen cloth in the first five months of this year totalled 11.2m square metres compared with 12.7m square metres in the same period last year. Woollen cloth sales rose, however, from 6.8m square metres to 8.1m square metres.

Courtaulds to sell carbon fibre in U.S.

BY KEVIN DONE, CHEMICALS CORRESPONDENT

COURTAULDS is moving into the U.S. market for carbon fibre, from Toray in Japan. A patents dispute is still unresolved with material, which it had pioneered in Western Europe.

The fast-growing U.S. market, which accounts for about 50 per cent of world demand, has previously been the preserve of Hercules the U.S. chemicals company, following a licensing agreement it reached with Courtaulds in 1969.

That agreement gave Hercules an exclusive licence to manufacture and sell Courtaulds' carbon fibres in the U.S. Since then both companies have been building up their respective markets to develop applications for this sophisticated new engineering material, invented in the UK in the early 1960s.

The two companies now believe that the market has grown sufficiently for the conditions of the present licence to be changed to make it non-exclusive. This will take effect from December this year.

Hercules and Courtaulds are the leading manufacturers in their respective markets, with Hercules at 40 per cent and Courtaulds at 35 per cent.

Carbon fibre has special properties of rigidity, lightness and high strength. It has been developed for uses in the aircraft industry—in making airframe and helicopter blades—in the motor industry and some sports goods, such as golf clubs, tennis and badminton rackets and racing boats.

The world market of 300-400 tonnes a year is still small but it is expected to grow at more than 40 per cent a year well into the 1980s. Carbon fibres sell at between £25 and £75 a kilo.

Mr. Avramidis stressed the need to set up companies to handle exports on a large scale. He said small-sized export companies did not win the confidence of foreign buyers, could not handle large orders, did not ensure the speedy and correct completion of an order, could not meet high quality standards and did not make for competitive prices.

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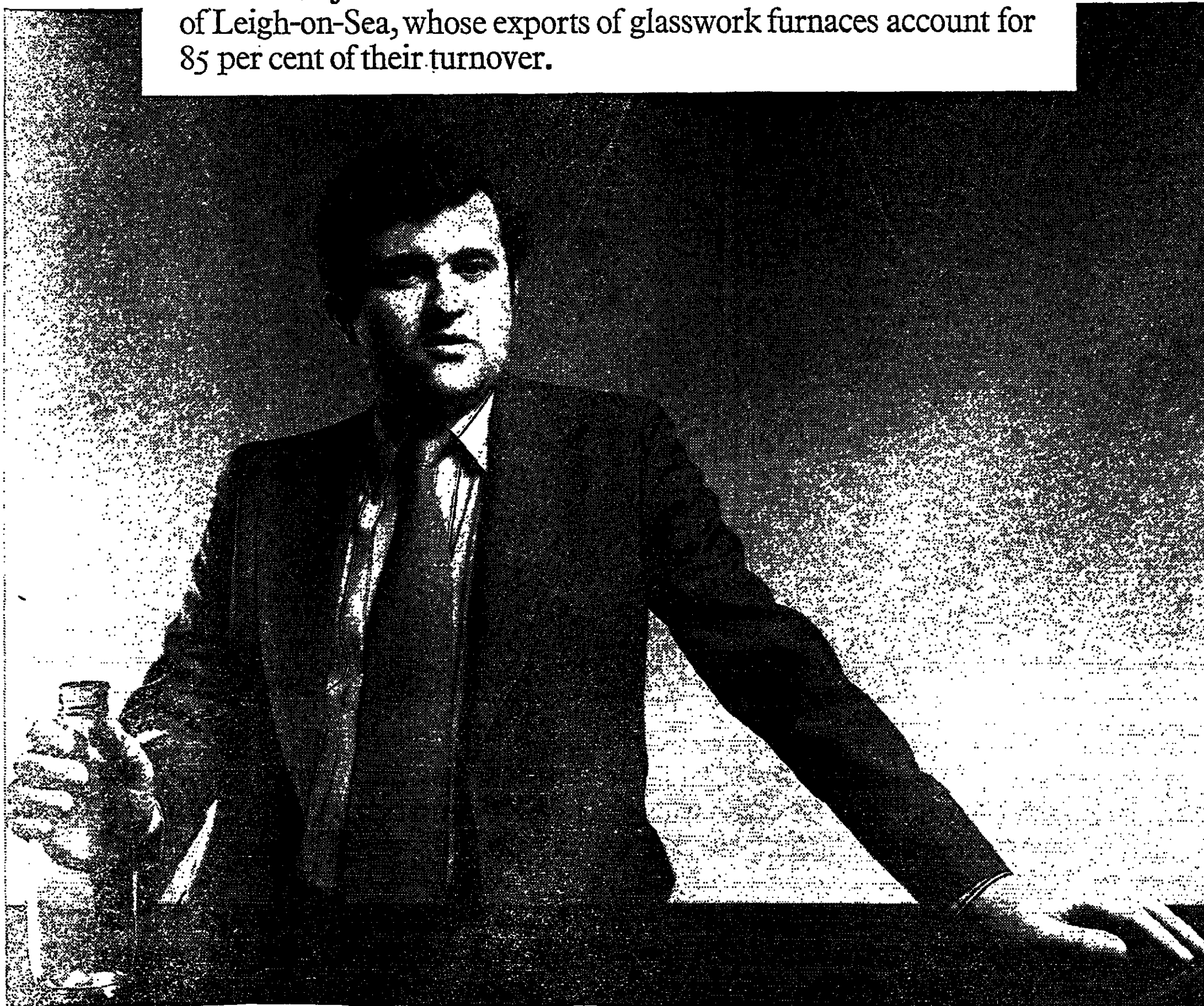
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"Without ECGD's insurance we could not have developed as we have. Two years ago we began a programme of exploring new markets which has taken us into areas as diverse as Eastern Europe and South America.

"In a period of rapid change and growth ECGD have backed us all the way.

"From simply supplying glasswork plant we have expanded into the provision of complete back-up services to glass manufacture. That is why we have made use of ECGD's special Services policies and performance bond guarantees, as well as the basic policy to insure payment for the goods."

Stuart Johnson is Chairman of Penelectro International Ltd. of Leigh-on-Sea, whose exports of glasswork furnaces account for 85 per cent of their turnover.



ECGD insures from date of contract or despatch of goods. Cover is available for contracts in sterling or other approved currencies for: Continuous sales worldwide of raw and processed materials, consumer goods and production-line engineering goods. Sales to and by overseas subsidiaries of UK firms. Sales through UK confirming houses and by UK merchants. Single large sales of capital equipment, ships and aircraft. Constructional works contracts. Services. ECGD also makes available: Guarantees to banks providing export finance, often at favourable rates of interest, including project loans and lines of credit to overseas borrowers. Guarantees for performance bonds. Guarantees for pre-shipment finance. Consortium contingency insurance. Cost escalation cover. Also available: Cover for investments overseas. For full details call at your local ECGD office.

To make an appointment or for information contact the Information Officer, Export Credits Guarantee Department—quoting reference FTR—at Glasgow, Belfast, Leeds, Manchester, Birmingham, Cambridge, Bristol, London West End, Croydon or Tottenham offices; or Joan Swales, Information Section, ECGD, Aldermanbury House, London EC2P 2EL. (Tel: 01-606 6699, Extn. 258).

ECGD

INSURANCE FOR BRITISH EXPORTERS.

Revenue's plan to curb leasing of cars

BY DAVID FREUD

THE INLAND REVENUE made public for the first time yesterday its plan to curb leasing of cars. The Revenue has decided to restrict the use of the tax allowances available in the last three years for cars. The Inland Revenue has decided to restrict the use of the tax allowances available in the last three years for cars. The Revenue has decided to restrict the use of the tax allowances available in the last three years for cars.

Injunction sought in airport row

By Michael Donne, Aerospace Correspondent

THE British Airways Authority, which owns and runs Heathrow airport, is seeking an interim injunction in the High Court restraining any airline from operating a cheap-fare Stand-By ticket. The authority, announcing this decision last night, said it expected the application for the injunction to be heard within a week.

Winding-up order for life company

A COMPULSORY order for the winding-up of Capital Annuities, the former life company subsidiary of London and County Securities, was made yesterday by Mr. Justice Slade. A petition for liquidation was originally made by the company itself in April 1976.

Beecham chief attacks Tory 'ambiguity'

BY KEVIN DONE

BEECHAM GROUP, one of the Conservative Party's biggest financial supporters, yesterday attacked the Tories for failing to define their position on economic and industrial policy.

Private housing 'starts' up 30% in first half of year

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE CONTINUING improvement in private house building output during 1978 was confirmed yesterday by figures from the National House-Building Council.

The figures provide more up-to-date information than those of the Department of the Environment and show that the number of private housing starts achieved in the first six months of 1978 reached 83,063.

The figure represents a 30 per cent increase over the comparable total for 1977 and is 10 per cent above the first-half average established over the last five years.

According to the council, the consumer watchdog for the private housing sector, the number of homes completed in the January-June period also rose. A total of 75,138 homes was finished by contractors during the six months, against just under 69,000 a year earlier, a rise of 9 per cent.

Commenting on the figures, which confirm that private housing remains one of the most buoyant areas within the construction sector, Mr. Andrew Tait, director-general of the council said: "These are good figures, but

speech by a different spokesman pointing out another. "One can understand the party's desire to make a broad appeal to the electorate, but there is a difference between that and trying to be all things to all men."

Mr. Wilkins suggested, however, that a Conservative Government would at least be preferable to the present Labour administration. "It is hard to imagine a more depressing prospect than that."

Expressing his disenchantment with the party's performance, he recalled how quickly the last Tory Government changed direction over state intervention in industry.

"I do not pretend to know whether the next Conservative Government will be as interventionist as the last one. What is worse I suspect that the party does not know either."

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rather than a further rise in output. Private house builders have been pleased with the way the market this year has been performing. Demand has remained strong costs have stabilised and with prices rising quite significantly in many areas over the first half of the year, their outlook beyond this year, however, remains uncertain, although most forecasts suggest a decline

For 1978 as a whole, private house builders expect something in the region of 155,000 against the 1977 total of 135,000. Completions this year should rise to about 180,000 after the 1977 figure of 140,000. The outlook beyond this year, however, remains uncertain, although most forecasts suggest a decline

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The Rolls-Royce look

FINANCIAL TIMES REPORTER

ROLLS-ROYCE MOTORS may seek an injunction against a company now planning to convert its cars into exclusive vehicles with the Rolls-Royce look.

The car, the Panache, is due to be launched soon by a Kent company, Townley Cross Country Vehicles. A four-door saloon, it

is based on the Rolls-Royce Silver Shadow design with coach-building by Italians. The Panache is expected to be sold at about £50,000, compared with a price for the Corniche of £38,579. In the second-hand market, the Corniche, Rolls-Royce's most exclusive model changes hands at up to £48,000.

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over which last year stood at just under £5m. It will sell both foods and non-foods, initially in a trading area of about 50,000 sq ft. This will then be extended to 85,000 sq ft, which will make it one of the country's largest hypermarkets.

The Lodge family started in the grocery business as market stallholders before the war and now runs two large supermarkets, five small ones and five other self-service shops in the Huddersfield area.

The hypermarket is expected to double the company's turnover which last year stood at just under £5m. It will sell both foods and non-foods, initially in a trading area of about 50,000 sq ft. This will then be extended to 85,000 sq ft, which will make it one of the country's largest hypermarkets.

Hypermarket trading is far more developed in the North of England than in the South but though supermarket operators like Asda and Morrisons are very active in Yorkshire, they do not have branches in Huddersfield itself.

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Heath leads road campaign

BY RUPERT CORNWELL

MR. EDWARD HEATH, Tory MP for Bexley-Sefton and former Prime Minister, is leading a campaign to secure compensation for householders affected by the improvement of the Rochester Way A2 road running through his constituency.

Mr. Heath and Mr. Cyril Townsend, residents in whose constituency of Bexley-Sefton heath has suffered similarly, are to have talks with Mr. William Rodgers, the Transport Secretary. The outcome is likely to set an important precedent for other such compensation cases pending.

Mr. Heath's failure to follow the Pugh, Ombudsman, to sway the department from its view that the circumstances were not exceptional enough to justify extra-statutory payments to the 400-odd people involved, who had not submitted their claim for compensation by the latest possible date of June, 1973.

In a report issued yesterday, Sir Iddell said that the department could have decided to make a special case of the claims, but did not. "In my view, the complainants have sustained injustice which has not and will not be remedied."

The case revolves around whether the department took all the proper steps to ensure that the 1,100 people who might have been affected by the improvement of the Rochester Way A2 road running through his constituency of Bexley-Sefton heath has suffered similarly, are to have talks with Mr. William Rodgers, the Transport Secretary. The outcome is likely to set an important precedent for other such compensation cases pending.

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Ex-Leyland man testifies on bribes gossip

A FORMER British Leyland executive told the Old Bailey yesterday of an idle gossip which could be interpreted as showing that backhanders were being paid.

Mr. Clive Strowger, the executive, was being questioned by Mr. William Howard, QC, for the defence at the trial of Mr. Graham Barton and his Turkish-born wife Fatma.

Mr. and Mrs. Barton, of Hounslow, Middlesex, together deny a total of five charges arising from the alleged forging of copies of two letters to Leyland—one purporting to be from Lord Ryder and the other from the Bank of England—and using them to dishonestly obtain £5,000 from the Daily Mail newspaper.

Mrs. Barton is not charged in connection with forging the Bank of England letter.

Mr. Strowger said that in 1975 he was finance director of British Leyland International and Mr. Barton was a senior analyst in the distribution markets and overseas project department of the financial controller's area.

In December of that year he asked Mr. Barton to undertake a special study and his conversation may have included an explanation that the companies within Leyland had for many years been paying confidential commissions in certain territories.

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Cheshire uranium plant to get more work

By David Fishlock, Science Editor

BRITISH NUCLEAR FUELS is to start recycling depleted uranium—fuel which has passed through a reactor—at its old enrichment plant at Capenhurst, Cheshire, to extract more of the fissile component.

This operation, undertaken with the collaboration of the electricity boards as owners of the depleted fuel, will restore the uranium to its natural level of the fissile uranium-235 component.

The plan is to enrich further the uranium by the new gas centrifuge process, under a contract with Urenco, the Anglo-German-Dutch enrichment company, of which British Nuclear Fuels is one-third shareholder.

Sir John Hill, chairman of Nuclear Fuels, said last night that rising uranium costs made good economic sense to strip more of the fissile material from depleted uranium, reducing its uranium-235 level from 0.35 to 0.25 per cent.

The capital cost of the diffusion plant at Capenhurst had largely been written off and the cost involved was essentially the electricity cost.

The company more than doubled its export earnings, last year, to total £25.2m, out of sales of £16m.

Pre-tax profits reached a record £11m, compared with £7.5m the previous year.

On a net profit of £3.1m, Nuclear Fuels is to pay a dividend of 4 pence a share to the government through its sole shareholder, the UK Atomic Energy Authority.

The principle of paying a dividend was established for the first time last year on the recommendation of a Parliamentary select committee in spite of the heavy investments which Nuclear Fuels expects to be making.

£500m contracts

The biggest investment is an estimated £600m for a new reprocessing facility for spent nuclear fuel at Windscale, for which the company obtained Government approval in May.

Contracted to be worth nearly £500m for fuel to be reprocessed in this plant have been signed since approval was given says Sir John in the company's annual report.

In addition, the company has a programme of capital expenditure standing at £333m.

The new project had been approved after a "uniquely searching public examination of the company's activities and plans and their technical, environmental and economic implications," said Sir John.

Reviewing the company's performance, Sir John said that he was encouraged by the signs indicating that "public appreciation of the need for and advantages of nuclear energy is growing."

As a one-third shareholder in Urenco Nuclear Fuels shares orders worth about £1bn for enrichment services.

The Export Credits Guarantee Department said yesterday that it had guaranteed the repayment and funding of a £200m loan arranged by a syndicate of 10 banks, to Nuclebrás, the Brazilian nuclear group. The loan will help finance the \$25m expansion of a contract awarded by Nuclebrás to Urenco, for the supply of enrichment for two reactors under construction near Rio de Janeiro.

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Shipping and oil companies may be asked to help raise £30m

BY LYNTON McLAIN, INDUSTRIAL STAFF

A CABINET committee is to consider calling for financial contributions from shipping and oil companies to fund a £30m programme for six ships, needed urgently to upgrade Britain's seriously depleted hydrographic survey fleet.

This had seven ships too few to meet the backlog of 100 "ship-years" of civil work on top of the 284 ship-years of work required by the Navy, a Commons committee was told yesterday.

The Admiralty said the committee was investigating ways of preventing oil tanker collisions and strandings.

Without the extra ships, the Navy's hydrographic requirements would not be met until almost the end of the century, he said. The original estimate without the extra ships had been put back to 1985 as a result of extra Ministry of Defence requirements.

Civil surveys were needed along heavily-used shipping lanes. The Sullom Voe North Sea oil terminal and its approaches in the Shetlands were areas which had not been adequately surveyed, Trade Department witnesses said.

The doubling in draught of deep-sea tankers and the need for detailed exploration of the sea bed called for more survey work, but there was a continuing problem of funding the new vessels which were needed.

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A number of options were being considered by an inter-departmental working group to see how the civil hydrographic requirements could be funded. The group is chaired by Mr. Clive Whitmore, of the Cabinet office, and comprises the hydrographer and officials from the Defence Ministry, the Treasury and the Departments of Energy, Trade and Transport.

Treasury officials said they favoured contributions from non-government sources.

The group will report its conclusions in September to Lord Privy Seal, who is responsible for co-ordinating Government maritime policies.

He will report to the Cabinet committee.

It also sponsored Lotus cars in motor racing as well as a major tennis tournament.

There is little doubt in marketing circles that the company has benefited from its heavy sponsorship, especially in cricket.

The trend in recent years has been towards more price-sensitive market rather than one where smokers stay with one brand for other factors.

John Player, believed to be the largest industrial sponsor of sport in the UK, is estimated to spend between £1m and £1.5m a year. It supports the Royal International Horse Show and the Sunday Limited-over cricket

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PARLIAMENT AND POLITICS

MPs insist on Scots power to recruit

BY IVOR OWEN, PARLIAMENTARY STAFF

THE LATEST and probably final session of constitutional "ping-pong" between the Lords and Commons over the Scotland Bill opened last night with the Government urging MPs to insist that when the Scottish Executive is established it has a free hand in recruiting civil servants.

By a majority of 331-268, MPs rejected a Lords amendment designed to give Whitehall ultimate power to decide the size of the initial service establishment for each of the new Scottish Departments set up in Edinburgh.

Mr. Harry Ewing, Scottish Office Minister of State, maintained that to make the Minister for the Civil Service responsible for the overall size of the new departments would be equivalent to placing Ministers in the Scottish Executive in a "straitjacket".

The Minister argued that the Lords amendment—in similar terms to one rejected by Commons by a nine majority earlier in the month—carried with it the implication that there was a desire at Westminster to frustrate the policies of the devolved administration.

Whitehall had no control over the number of government staff recruited in Scotland and to impose such control in the case of the Scottish Executive would almost certainly cause resentment.

Mr. Ewing contended that the fact that over-recruitment of Civil Servants would eat into the money available to the Scottish Executive to provide other services was in itself a sufficient safeguard to ensure that staff numbers in the Scottish Department

were kept at justifiable levels. He also pointed out that the House of Lords had already agreed not to persist with a similar amendment which it had sought to include in the Wales Bill.

Mr. Leon Brittan, a Conservative spokesman on devolution, argued that the Lords had been right to return the issue to the Commons because the similar amendment defeated earlier by nine votes had never been discussed by MPs because of the operation of the guillotine.

At issue was the crucial relationship between the civil servants in Edinburgh and London and the relationship between the two Governments in Edinburgh and London. The Opposition believed that the relationship between the two Governments had never been thought out fully and properly.

Mr. Brittan questioned whether the Government's proposal that the Civil Service needs of the Scottish Executive should be met from the ranks of the home Civil Service would prove workable in practice.

He suggested that conflicts of loyalty might arise in cases where civil servants from the same central source had to serve a government in Edinburgh "locked in conflict with the UK Government".

If the Minister for the Civil Service had ultimate control over Civil Service appointments in Edinburgh it would be possible to prevent arrangements being made by the Scottish Executive which might have damaging implications for the home Civil Service as a whole.

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Scottish Conservative and Nationalist MPs called on Mr. Merlyn Rees, Home Secretary, to give first priority to providing television and radio services to those parts of the country which still cannot get them.

In the Commons earlier, Mr. George Reid (SNP, Stirling E.) and Clackmannan said this should be given priority over the fourth channel.

Mr. Rees said he recognised the problem, but increased use of UHF should go some way to help. Later, Mr. Reid, a former television journalist, gave the White Paper a "general welcome".

Mr. Reid welcomed especially the proposed increase in Gaelic coverage, particularly for children, and called for a local radio station for Stirling and the island of Lewis, which he called for the Scottish Assembly to have more say over broadcasting in Scotland.

Scottish Tories had a special meeting on the White Paper and unanimously opposed the plan for a fourth channel.

They said the BBC did not yet provide a fully adequate service for rural areas in Scotland because of shortage of money and in this circumstance it was wrong to give taxpayers' money to a fourth channel.

Mr. Teddy Taylor, Shadow Scottish Secretary, said after the meeting: "We took the view that the right decision would have been to allocate the channel to the IBA and the independent companies who have the resources to provide a service to the public at no extra cost to the taxpayer."

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Whitelaw objects to White Paper on broadcasting

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONSERVATIVES made it clear in the Commons yesterday that they have major objections to the Government's proposals for implementing the recommendations of the White Paper on broadcasting.

Mr. Merlyn Rees, Home Secretary, announcing the Government's intentions, promised early legislation to set up an Open Broadcasting Authority (OBA) to run a fourth television channel. This would be free to commission programmes from any source and would be financed by advertising, in addition to receiving Government support.

Another major proposal was for the introduction of outside people to help supervise the programme strategy of each of the BBC's main divisions—TV, radio, and external services. Half of the members of these three new service management boards would be independent people appointed by the Home Secretary.

According to Mr. Rees, the proposals would "provide a structure for the next decade, which, in the public interest, will accommodate technological change and ensure that it is best in our present system."

The Conservative reservations, voiced by Mr. William Whitelaw, shadow Home Secretary and deputy leader of his party, are of particular relevance as, with the possibility of an October election, a Tory Government might have to carry out the changes. With only a few days of the present session left, any Government legislation would have to wait till the autumn.

Mr. Whitelaw made it clear that the Opposition considered that the OBA would be a waste of public money. They believe that the fourth channel should be administered by the existing Independent Broadcasting Authority (IBA) with a separate programme planning Board on which the existing ITV companies would be major players.

The plans as outlined would place a totally unnecessary burden on the taxpayer," he complained.

An Open Broadcasting Authority would mean a "deliberate increase in public expenditure, a new bureaucracy and a direct financial contribution from the Government." If the fourth channel was under the existing IBA, there would be no extra cost to the taxpayer.

The Opposition was also "very dubious about the proposals for restructuring the BBC. While accepting some of the Annan Committee's criticism of the bureaucracy and lack of control in the BBC, he thought that these were matters which could be solved internally."

The new boards would mean an increase in bureaucracy and a proliferation of "quangos," the quasi-autonomous non-Governmental organisations which have come in for criticism for providing jobs for trade union leaders and others connected with the Labour Party.

Mr. Whitelaw was worried about how this would affect the independence of the BBC, and was particularly alarmed at the suggestion that half the board members should be appointed by the Home Secretary.

In a reply which evaded the main objections put forward by Mr. Whitelaw, Mr. Rees said that the Government had every reason to be concerned about the bureaucracy as it had always spawned under previous Conservative administrations.

Mr. David Steel, the Liberal leader, was worried about the increase in Ministerial patronage which would result from the reorganisation of the BBC. He said that Ministers were already responsible for over 100 appointments in the public sector.

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"ERIC, you'll have to choose whether to support the Labour party with me or without me," the Prime Minister is said to have remarked at one point during the meeting of the Labour/TUC Liaison Committee.

Mr. Eric Heffer, Tribune member of the National Executive Committee and one of the handful of genuinely effective Left-wingers on the Government benches in the Commons.

Mr. Callaghan followed up his observation with the almost traditional muttering threat about the possibility of an early retirement to the pleasures of his Sussex farm is unrecorded. But the exchange neatly sums up the state of play within the Labour party, as it goes through its last election manoeuvres before an election over the contents of the Manifesto.

Mr. Callaghan is determined to ensure that the document will secure no one. And such is his research at Transport House may produce his draft for the meeting. But the prospect is that the Prime Minister will have another prepared by his staff at No. 10. There are no prizes for guessing which will have the better chance.

"It's Jim's choice," said one Cabinet Minister the other day, "and it always has been."

Even so, there are some fascinating points still to be resolved. The Left may be at a low ebb, and discussion of economic policy obviously the central consideration. There have been pre-empted by the pay White Paper. But a tussle is likely over the Common Market, as the anti-EEC faction presses to have the terms of Mr. Callaghan's peace-making letter to the NEC in autumn enshrined in the Manifesto, promising tough safeguards on national sovereignty. Some would go further and attempt to secure a commitment to amend the original 1972 European Communities Act in that direction.

Defence is another snag: what to do about the neutron bomb, and the old chestnut of whether its Left-wing—the well-rehearsed

skirmishes are of special importance. For them the manifesto ought to be the state-ment of a perfect world against which the dealings of Labour in office should be measured, as it ought to be the inevitable drift towards the centre. Experience of the mechanics of the process play into Mr. Callaghan's hands. A number of working parties, jointly set up by the Cabinet and the NEC, are currently sifting through possible candidates for inclusion in various parts of the programme. But the Manifesto is settled only by the full Cabinet and the Executive, at their traditional "Clause Five" joint session. The Left may hold a slight edge on the NEC, but is clearly outnumbered when the two groups are combined.

Others want a big pitch for the youth vote, a field where the Conservatives must make up lost ground, by stressing such things as the abolition of the death penalty, and so on. But none of this is the stuff of political crusade and it really does look as though Mr. Callaghan's Manifesto will be a good family reading. But as for Mr. Michael Foot, prime of the party for 10 or 15 years of exciting politics if you have the nerve and courage to stay with it, that's another matter.

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Technical Page

METALWORKING

Laser unit gives tool position

PUT ON the market by Herbert Sigma is the Metrilas laser interferometer made by SORO in France, able to perform remote positional measurements of, for example, machine tool cutting heads without direct mechanical connection and with great accuracy.

A helium neon laser unit, connected to a control and calculator module, produces a beam which is split so that part of the light is directed at a remote mirror on the moving machine component while the other strikes a fixed reflector.

The two reflected fluxes are beamed into a detection system located in the laser and motion of the mobile with respect to the fixed mirror causes sinusoidal modulation of the signal. The distance between two successive peaks corresponds to a half wavelength shift of 0.3 microns.

The detector signal is converted to impulses and a subsequent computer unit samples the accumulated value every 40 milliseconds, traversed distance is displayed after allowing for the wavelength and the air index.

Two kinds of reflection unit are available, one for measuring displacement and velocity and the other for deal with angles and surface flatness.

Setting up of the Metrilas M100 is not difficult because the light beams and optical components have a misalignment tolerance of plus or minus 3 mm. No complicated alignments calling for trained personnel are involved, so that a machine tool can be thoroughly checked and calibrated in very little time. To make a linear displacement measurement takes about ten minutes.

Readings are produced on a nine-digit display on the control unit or on a built-in thermal printer.

The linear measurement accuracy is about three microns while angles can be determined to about one second of arc. The machine can be activated by an external signal if desired and can also be equipped to provide a parallel binary coded digital output so as to feed data elsewhere.

More from the company at Springfield Road, Letchworth, Hertfordshire SG8 4AJ (04625 3841).

ELECTRONICS

A compact micro

AVAILABLE FROM National Semiconductor is a low-profile, completely packaged eight-bit microcomputer, requiring only 3 1/2 inches of panel space in a standard 18-inch rack.

Based on the INS8080A microprocessor, the rack-mounted computer model RM8080A microcomputer incorporates programable serial and parallel input/output, complete busing, power supply, fans and three expansion-board slots.

The microprocessor has six general purpose 8-bit registers, an accumulator, a 16-bit program counter and a 16-bit stack pointer. The registers may be used singly or in pairs for double precision operations, and the 16-bit program counter allows direct addressing of 64,000 bytes of memory.

Contained in the central processor are 4,000 bytes of on-board random-access memory (RAM).

and four sockets for up to 4,000 bytes of programmable read-only memory (PROM). Two of the ROM sockets may be used for an optional system monitor for loading, debugging and executing programs. The monitor permits saving and punching of tape, display and change of memory register contents, and program segment execution.

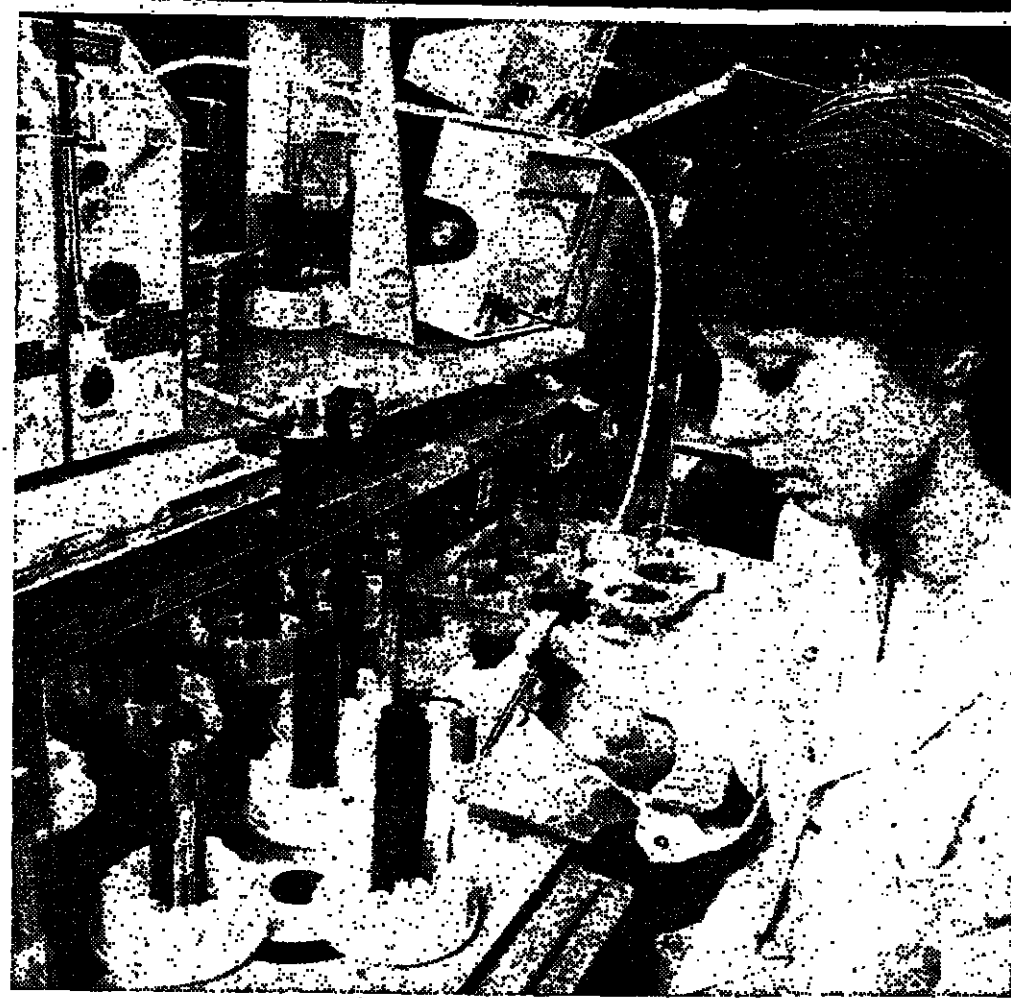
More from National Semiconductor Limited, 301, Harpur Centre, Horne Lane, Bedford MK40 1TR, Tel. No. 0234 211262.

PERIPHERALS

Cheap core memory

INTRODUCED into the U.K. by Dataproducts (Dublin) is a 128K 18 bit word core memory module called Maxi-store having a 328 nanosecond access time and 750 nanosecond cycle time.

Cost is in the 0.1p per bit range for OEM quantities, and the module is designed for mini and "midi" computer applications where high speed large storage is a principal requirement.



This technician at Electronic Instruments, Chertsey, Surrey, is using a work presentation unit based on Swiss watch production techniques to assemble pH electrochemical sensors under clean conditions. The equipment presents her

with the required component for the correct sequence of assembly and she undertakes the whole task herself, including the filling operation seen above. A dust-free enclose conveyor belt at the rear delivers components to the carousel unit at the front.

MATERIALS

Making it stick

A SERIES of adhesives for various applications has been introduced by Shell Chemicals, Galvin Road, Slough, SL1 4DL (Slough 7171).

A lightcoloured synthetic rubber resin emulsion for bonding most carpets unbacked or having backings of needle, foam, jute, latex, etc., or flooring materials like PVC, linoleum tiles and cork tiles to various substrates is called Laybond 1371. Primarily for bonding unbacked and fibrous backed carpets to concrete, wood, asphalt, hardboard, chipboard and smoothing compounds is Laybond 438. A solvent-based bituminous product suggested for use on concrete, underlayments, cementitious screeds and wooden sub-floors is Laybond ATA.

The company says its latex smoothing compound will accept most floor covering adhesives in current use and can be applied to most types of sub-floor including wood, concrete, asphalt, stone, metal, quarry tiles, plywood, hardboard and chipboard as well as most residual adhesive films left when an old floor covering is taken up.

Its lino paste is for bonding all types of linoleum floor coverings to concrete, wood, chipboard, hardboard, plywood and most smoothing compounds. This is a water-based adhesive and may be used where an underfloor heating system is installed.

A six-page brochure "Recommended Adhesives for Carpets and Resilient Floor Coverings" has been published by the company. Trade names of 102 carpets from 31 manufacturers, and 30 resilient floor coverings from 20 manufacturers are listed alongside the recommended Laybond adhesive. This is available free.

TRANSPORT

Refrigerated van

A HEAVY DUTY refrigerated van designed to withstand the rigours of roll-on/roll-off operations, while providing for a very low tare weight, has been introduced by Craven Tasker (Sheffield), Stanforth Road, Darnall, Sheffield S9 4LL (0742 49301).

A competitive weight of only 8.2 tonnes for a 12 metre van with five meat rails has been achieved, says the company, in spite of the decision to provide for a hanging load of up to 25 tonnes, as a provision for higher gross vehicle weights.

It features a machine riveted alloy outer shell, with its inherent strength, is particularly vital in vehicles where side doors are frequently required and when stresses at the top and bottom members of the structure and at the corners of the door-way aperture are of a very high order. Another advantage promised by this approach is that repairs can be easily made without losing the integrity of the unitary construction.

Areas where GRP materials are incorporated in the range, as an alternative to conventional materials, occur in the floor loaded models where a series of specially developed one-piece reinforced moulded GRP profiles

function as both roof bow and inner posts.

The floor of the van is of seam welded alloy corrugated profile and terminates at either end in a ribbed kick panel extrusion, also welded, thus forming an effective pan precluding any possibility of water penetration to the foam insulation beneath.

A fibrous heat arresting web is riveted to provide a 4 inch deep cavity for insulation between the inner and outer alloy side post extrusions. The front bulkhead is similarly constructed but heavily reinforced with steel members to accommodate the weight of the nose-mounted refrigeration units.

An internal width of 7 feet 8 1/2 inches is achieved with a full 4 inch thickness of polyurethane foamed insulation in the walls of the van. Within an overall height of 4 metres, an inside of 7 feet 3 1/2 inches still gives a full 7 feet 0 1/2 inches beneath the neat rails.

Rearward gear plated at 15.5 tonnes on close coupled mono-leaf suspension is available, plus multi-leaf suspension where load sensing is called for, and the structure will accommodate gross trailer weights of up to 36 tonnes, with or without a side-door facility.

Cleans off cement

DEVELOPED specifically for the removal of cement residues from vehicles and construction plant are two chemical cleaning agents from Pyroclense, Ridgeway, Iwer, Bucks SL9 8JJ (Iwer 681812).

When used for regular vehicle cleaning, a working solution of a product called 1230 with recommended volumes of water is claimed to keep vehicles and plant free from the accumulation of cement dust. The solution is applied by spray, allowed a dwell period for chemical action, and pressure rinsed with water.

For the removal of accumulated cement which may have become heavily ingrained, operation is stated to prove particularly effective by varying the strength of the solution to the manufacturer's specifications and by prolonging the time allowed for chemical penetration.

Product 1170 has been designed to meet multiple cleaning requirements and should be appropriate for the interior cleaning of tankers - especially for the removal of edible oils and light petroleum oils. Its wider applications are in such areas as the steam cleaning of chassis, paintwork, upholstery and other hard surfaces.

COMPUTERS

Throughput boost for a mini

A HIGH speed memory enhancement for the Digital Equipment Company's PDP 11 computers has been announced by Fabri-Tek Computer Components of Maidenhead.

Contained on two boards in a module measuring about 8 x 5 x 1 1/2 ins, this model 920/981 "cache buffer" replaces specific modules in the DEC machines and provides 4096 bytes of memory in bipolar technology.

Fabri-Tek believes that the unit offers PDP 11 users the opportunity to increase significantly throughput at a fraction

DALE

GENERATING SETS

For prime power, standby, and the construction industry.

Dale Electric of Great Britain Ltd., Electricity Buildings, Fletch, Yorks. YO14 5PJ, UK. Tel: 0723-51 4141 Telex: 52153

of overall system price. Although performance is software dependent, the company states that 22 per cent increases have been achieved on several units already in the field.

The 920/981 buffers the entire CPU main memory. The module can be installed in minutes with no software or software changes and the cycle/access time is 300 nanoseconds. The unit is operated from the existing CPU power supply.

More from the company at 50 Moorbridge Road, Maidenhead, Berks SL6 8BN (0628 373211).

AVIATION

Pinpoints the runway

A MONITOR panel has recently come into action at Schiphol Airport's control tower which makes use of plastic optical fibre to show lights or runway and taxiway lights are switched on.

The light points on the panel - representations of the actual lamps on the runways - are terminations of lengths of fibre. The "control" 1.4 mm diameter fibre, of which some 900 metres have been used, is accompanied with 192 miniature bulbs, some with lenses, serving as light sources. In all there are some 440 light-dots on the panel.

According to the maker of the panel, Alcon Elektronica of Zaandam in The Netherlands, fabrication in (Gronin) has cost only one-fifth of the estimated cost in glass fibre. This is because the plastic fibres could be inserted into the panel in such a way that it was relatively easy to cut and patch the ends without using special terminations.

More from the Panel de Nemours International S.A., P.O. Box CH-121, Geneva 24.

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NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI E.N.I.

(National Hydrocarbons Authority)

6 1/2% Sinking Fund Debentures due September 1, 1981.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on September 1, 1978 at the principal amount thereof \$1,107,900 principal amount of said Debentures bearing the following serial numbers:

DEBENTURES OF U.S. \$1,000 EACH									
10-37	2507	3281	4778	5434	6085	6735	7387	8038	8689
57	2541	3497	4850	5494	6095	6737	7387	8038	8689
139	2536	3496	4850	5494	6095	6737	7387	8038	8689
278	2577	3522	4893	5537	6138	6789	7440	8091	8742
368	2622	3622	4938	5582	6183	6834	7485	8136	8787
458	2667	3667	4983	5627	6228	6879	7530	8181	8832
548	2712	3712	5028	5672	6273	6924	7571	8222	8873
638	2757	3757	5073	5717	6318	6969	7616	8267	8918
728	2802	3802	5118	5762	6363	7014	7661	8312	8963
818	2847	3847	5163	5807	6408	7059	7706	8357	9008
908	2892	3892	5208	5852	6453	7104	7751	8402	9053
998	2937	3937	5253	5897	6498	7149	7796	8447	9098
1088	2982	3982	5298	5942	6543	7194	7841	8492	9143
1178	3027	4027	5343	5987	6588	7239	7886	8537	9188
1268	3072	4072	5388	6032	6633	7284	7931	8582	9233
1358	3117	4117	5433	6077	6678	7329	7976	8627	9278
1448	3162	4162	5478	6122	6723	7374	8021	8672	9323
1538	3207	4207	5523	6167	6768	7419	8066	8717	9368
1628	3252	4252	5568	6212	6813	7464	8111	8762	9413
1718	3297	4297	5613	6257	6858	7509	8156	8807	9458
1808	3342	4342	5658	6302	6903	7554	8201	8852	9503
1898	3387	4387	5703	6347	6948	7599	8246	8897	9548
1988	3432	4432	5748	6392	6993	7644	8291	8942	9593
2078	3477	4477	5793	6437	7038	7689	8336	8987	9638
2168	3522	4522	5838	6482	7083	7734	8381	9032	9683
2258	3567	4567	5883	6527	7128	7779	8426	9077	9728
2348	3612	4612	5928	6572	7173	7824	8471	9122	9773
2438	3657	4657	5973	6617	7218	7869	8516	9167	9818
2528	3702	4702	6018	6662	7263	7914	8561	9212	9863
2618	3747	4747	6063	6707	7308	7959	8606	9257	9908
2708	3792	4792	6108	6752	7353	8004	8651	9302	9953
2798	3837	4837	6153	6797	7398	8049	8696	9347	9998
2888	3882	4882	6198	6842	7443	8094	8741	9392	10000

On September 1, 1978, there will become due and payable upon each Debenture the principal amount thereof, in such coin or currency as the United States of America as on said date is legal tender for the payment thereof of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Ente Nazionale Idrocarburi in Rome or the principal office of Banca Commerciale Italiana in Milan or the main office of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Agencija za Posredovanje u Posredovanju in Amsterdam or the main office of Kredietbank S.A. Luxembourg in Luxembourg-Ville.

Debentures surrendered for redemption should have attached all unattached coupons appurtenant thereto. Coupons due September 1, 1978 should be detached and collected in the usual manner. From and after September 1, 1978 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, Fiscal Agent

July 27, 1978

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payments:

DEBENTURES OF U.S. \$1,000 EACH												
M-2006	2512	2587	2731	2771	3011	4058	4090	4124	4512	13285	13698	13964
	2617	2692	2836	2876	3116	4066	4097	4131	4518	13290	13703	14014
	2612	2687	2831	2871	3111	4061	4092	4126	4513	13287	13697	13963
	2712	2787	2931	2971	3211	4106	4137	4171	4558	13332	13745	14056
	2762	2837	2981	3021	3261	4156	4187	4221	4608	13382	13795	14106
	2812	2887	3031	3071	3311	4206	4237	4271	4658	13432	13845	14156
	2862	2937	3081	3121	3361	4256	4287	4321	4708	13482	13895	14206
	2912	2987	3131	3171	3411	4306	4337	4371	4758	13532	13945	14256
	2962	3037	3181	3221	3461	4356	4387	4421	4808	13582	13995	14306
	3012	3087	3231	3271	3511	4406	4437	4471	4858	13632	14045	14356
	3062	3137	3281	3321	3561	4456	4487	4521	4908	13682	14095	14406
	3112	3187	3331	3371	3611	4506	4537	4571	4958	13732	14145	14456
	3162	3237	3381	3421	3661	4556	4587	4621	5008	13782	14195	14506
	3212	3287	3431	3471	3711	4606	4637	4671	5058	13832	14245	14556
	3262	3337	3481	3521	3761	4656	4687	4721	5108	13882	14295	14606
	3312	3387	3531	3571	3811	4706	4737	4771	5158	13932	14345	14656
	3362	3437	3581	3621	3861	4756	4787	4821	5208	13982	14395	14706
	3412	3487	3631	3671	3911	4806	4837	4871	5258	14032	14445	14756
	3462	3537	3681	3721	3961	4856	4887	4921	5308	14082	14495	14806
	3512	3587	3731	3771	4011	4906	4937	4971	5358	14132	14545	14856
	3562	3637	3781	3821	4061	4956	4987	5021	5408	14182	14595	14906
	3612	3687	3831	3871	4111	5006	5037	5071	5458	14232	14645	14956
	3662	3737	3881	3921	4161	5056	5087	5121	5508	14282	14695	15006
	3712	3787	3931	3971	4211	5106	5137	5171	5558	14332	14745	15056
	3762	3837	3981	4021	4261	5156	5187	5221	5608	14382	14795	15106
	3812	3887	4031	4071	4311	5206	5237	5271	5658	14432	14845	15156
	3862	3937	4081	4121	4361	5256	5287	5321	5708	14482	14895	15206
	3912	3987	4131	4171	4411	5306	5337	5371	5758	14532	14945	15256
	3962	4037	4181	4221	4461	5356	5387	5421	5808	14582	14995	15306
	4012	4087	4231	4271	4511	5406	5437	5471	5858	14632	15045	15356
	4062	4137	4281	4321	4561	5456	5487	5521	5908	14682	15095	15406
	4112	4187	4331	4371	4611	5506	5537	5571	5958	14732	15145	15456
	4162	4237	4381	4421	4661	5556	5587	5621	6008	14782	15195	15506
	4212	4287	4431	4471	4711	5606	5637	5671	6058	14832	15245	15556
	4262	4337	4481	4521	4761	5656	5687	5721	6108	14882	15295	15606
	4312	4387	4531	4571	4811	5706	5737	5771	6158	14932	15345	15656
	4362	4437	4581	4621	4861	5756	5787	5821	6208	14982	15395	15706
	4412	4487	4631	4671	4911	5806	5837	5871	6258	15032	15445	15756
	4462	4537	4681	4721	4961	5856	5887	5921	6308	15082	15495	15806
	4512	4587	4731	4771	5011	5906	5937	5971	6358	15132	15545	15856
	4562	4637	4781	4821	5061	5956	5987	6021	6408	15182	15595	15906
	4612	4687	4831	4871	5111	6006	6037	6071	6458	15232	15645	15956
	4662	4737	4881	4921	5161	6056	6087	6121	6508	15282	15695	16006
	4712	4787	4931	4971	5211	6106	6137	6171	6558	15332	15745	16056
	4762	4837	4981	5021	5261	6156	6187	6221	6608	15382	15795	16106
	4812	4887	5031	5071	5311	6206	6237	6271	6658	15432	15845	16156
	4862	4937	5081	5121	5361	6256	6287	6321	6708	15482	15895	16206
	4912	4987	5131	5171	5411	6306	6337	6371	6758	15532	15945	16256
	4962	5037	5181	5221	5461	6356	6387	6421	6808	15582	15995	16306
	5012	5087	5231	5271	5511	6406	6437	6471	6858	15632	16045	16356
	5062	5137	5281	5321	5561	6456	6487	6521	6908	15682	16095	16406
	5112	5187	5331	5371	5611	6506	6537	6571	6958	15732	16145	16456
	5162	5237	5381	5421	5661	6556	6587	6621	7008	15782	16195	16506
	5212	5287	5431	5471	5711	6606	6637	6671	7058	15832	16245	16556
	5262	5337	5481	5521	5761	6656	6687	6721	7108	15882	16295	16606
	5312	5387	5531	5571	5811	6706	6737	6771	7158	15932	16345	16656
	5362	5437	5581	5621	5861	6756	6787	6821	7208	15982	16395	16706
	5412	5487	5631	5671	5911	6806	6837	6871	7258	16032	16445	16756
	5462	5537	5681	5721	5961	6856	6887	6921	7308	16082	16495	16806
	5512	5587	5731	5771	6011	6906	6937	6971	7358	16132	16545	16856
	5562	5637	5781	5821	6061	6956	6987	7021	7408	16182	16595	16906
	5612	5687	5831	5871	6111	7006	7037	7071	7458	16232	16645	16956
	5662	5737	5881	5921	6161	7056	7087	7121	7508	16282	16695	17006
	5712	5787	5931	5971	6211	7106	7137	7171	7558	16332	16745	17056
	5762	5837	5981	6021	6261	7156	7187	7221	7608	16382	16795	17106
	5812	5887	6031	6071	6311	7206	7237	7271	7658	16432	16845	17156
	5862	5937	6081	6121	6361	7256	7287	7321	7708	16482	16895	17206
	5912	5987	6131	6171	6411	7306	7337	7371	7758	16532	16945	17256
	5962	6037	6181	6221	6461	7356	7387	7421	7808	16582	16995	17306
	6012	6087	6231	6271	6511	7406	7437	7471	7858	16632	17045	17356
	6062	6137	6281	6321	6561	7456	7487	7521	7908	16682	17095	17406
	6112	6187	6331	6371	6611	7506	7537	7571	7958	16732	17145	17456
	6162	6237	6381	6421	6661	7556	7587	7621	8008	16782	17195	17506
	6212	6287	6431	6471	6711	7606	7637	7671	8058	16832	17245	17556
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	6412	6487	6631	6671	6911	7806	7837	7871	8258	17032	17445	17756
	6462	6537	6681	6721	6961	7856	7887	7921	8308	17082	17495	17806
	6512	6587	6731	6771	7011	7906	7937	7971	8358	17132	17545	17856
	6562	6637	6781	6821	7061	7956	7987	8021	8408	17182	17595	17906
	6612	6687	6831	6871	7111	8006	8037	8071	8458	17232	17645	17956
	6662	6737	6881	6921	7161	8056	8087	8121	8508	17282	17695	18006
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	7162	7237	7381	7421	7661	8556	8587	8621	9008	17782	18195	18506
	7212	7287	7431	7471	7711	8606	8637	8671	9058	17832	18245	18556
	7262	7337	7481	7521	7761	8656	8687	8721	9108	17882	18295	18606
	7312	7387	7531	7571	7811	8706	8737	8771	9158	17932	18345	18656
	7362	7437	7581	7621	7861	8756	8787	8821	9208	17982	18395	18706
	7412	7487	7631	7671	7911	8806	8837	8871	9258	18032	18445	18756
	7462	7537	7681	7721	7961	8856	8887	8921	9308	18082	18495	18806
	7512	7587	7731	7771	8011	8906	8937	8971	9358	18132	18545	18856
	7562	7637	7781	7821	8061	8956	8987	9021	9408	18182	18595	18906
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FINANCIAL TIMES SURVEY

Thursday July 27 1978

DIRECT MARKETING
AND MAIL ORDER

The concept of direct marketing and mail order is growing and people in the business see considerable potential for further expansion. Techniques too are becoming more sophisticated as new companies enter the field.

Facing
a
golden
futureBy Michael
Thompson-Noel

THOSE INVOLVED in the fast-moving, fast-growing, potentially massive business of direct marketing know the sort of powder keg they are sitting on. The wonder is that its potential still needs spelling out—an irony that did not escape David Ogilvy, founder and creative head of Ogilvy and Mather International, when addressing the British Direct Mail Marketing Association's first UK Direct Marketing Day in London last autumn.

He reminded his audience that the rest of the advertising and marketing world still thought of them as second-class citizens, before moving smoothly to explain why he thought it didn't matter. "Your opportunities for further expansion are colossal," he said. "You have come into the direct response business at the right time. For 40 years I have been

a voice, crying in the wilderness, trying to get my fellow advertising practitioners to take direct response seriously. You face a golden future."

Put simply, direct marketing is any system that offers products or services to existing or potential customers via any promotional medium — direct mail, mail order, TV, radio, Press, magazines, "take-ones," even matchbook covers — in order to effect a direct response by mail, telephone or personal visit. In the U.S., direct response is so sophisticated and huge that total sales of goods and services are approaching (may even have exceeded) \$100bn, accounting for in excess of 12 per cent of all consumer purchases.

There are several reasons, notably geographic, to account for this remarkable growth of business, but it is beginning to be reflected in Britain.

According to Len Ford, director of the British Direct Mail Marketing Association, writing in the July issue of *Admap*: "The explosion in mail order is a phenomenon common to the West. In the U.S. they have coined the descriptive title of 'direct marketing' for what is, in effect, a posher form of mail order. It is the sort of operation huge corporations are now interesting themselves in as an alternative or supplementary method of distribution or investment."

"We have yet to see what happens to traditional, entrepreneurial and individualistic mail order traders when the corporations move in. In the States the markets are widening out so fast that there is

room for everybody. It may be that it will be the same here, for everybody is convinced that the market for mail order goods will continue to expand. New customers are flocking in, many of them using their Barclaycard and Access credit cards, which is a most significant pointer to the conversion of the middle classes to mail order buying."

In order to grasp the full potential of direct marketing in Britain, says Mr. Ford, it is necessary to note the extraordinary shape of the present system of what is called mail order, no less than 90 per cent of which is accounted for by credit trading, via the catalogues of the mail order Big Six: Great Universal Stores, Littlewoods, Freemans, Grattan, Empire Stores and John Myers.

The other two streams in mail order are the speciality houses and the book and record clubs. According to Mr. Ford, UK mail order alone now accounts for at least £1.5bn worth of consumer sales and at least £30m worth of advertising. Between 1971 and 1976, he says, mail order's cumulative annual volume growth was 18.5 per cent. In 1977 it was 20 per cent. The predicted annual growth rate between now and 1980 is put at a minimum of 16 per cent, which would provide a total mail order sales figure of £2.75bn by 1980.

"Mail order is the distribution method most likely to benefit from present demographic and social life-style trends," says Mr. Ford. "The primary factor is the increase in the number of working women. They have less time to shop and more money to spend." Indeed, direct response experts reckon



Direct response experts reckon there is no product or service that cannot in some way benefit from their techniques.

there is no product or service will use their phones as a computer link to order goods from their techniques, whether straight off the TV screen, adopting the arsenal of proven power tools, furniture, insurance, holidays or cars.

Before so very long, the marketing community will almost certainly be obliged to come to grips with electronic mail order whereby customers

in London: "The real future for direct response lies in the TV screen, adopting the arsenal of proven power tools, furniture, insurance, holidays or cars."

According to Leslie Sheppard, who runs Ogilvy Benson and Mather's direct response group

product or service or at least increase their awareness. Yet many advertisers fail to get close enough to their prospects; they fail to find them efficiently. Direct response has few real secrets. Anyone can join in and do a fairly good job. You simply have to change your way of looking at problems—become consumer-oriented both in your media evaluation and creativity, starting from the customer's point of view and working backwards."

Mr. Sheppard quotes the example of one major UK company whose £7.25m advertising and promotional plan for 1977, targeted at home freezer owners, included 50 per cent theme advertising with nine different TV campaigns (as well as heavy use of local radio in four key areas) accounting for the bulk, plus a greatly expanded programme of consumer on-pack promotions.

"To a direct response executive that sounds like a bit of overkill," says Mr. Sheppard. Only 37 per cent of UK homes have freezers. For a mere £110,000 to £190,000, a leader with price-off coupons and other details could be distributed to almost every home with a freezer. Imagine the wastage using TV and radio. As a bonus, for the same £110,000 to £190,000, the exact address of the freezer owner would be recorded for future activity. Shouldn't this £7.25m advertiser be developing a direct link with its customers, at least in a test market?"

Undoubtedly it should. In time, direct response will come fully into its own. It is already widely used, but its scope for

expansion is literally unlimited. Some of the businesses that should be moving much more quickly to harness the techniques of direct response were itemised—quite brutally—by David Ogilvy in his talk in London.

How about insurance companies? "I have three life insurance policies. Do my insurance companies ever write to me and sell me more insurance? Never. All they send me are notices that my premiums are overdue. And yet we have demonstrated that life insurances can be sold at lower cost by mail than by salesmen."

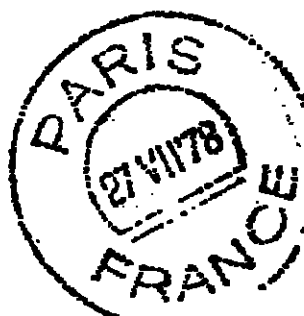
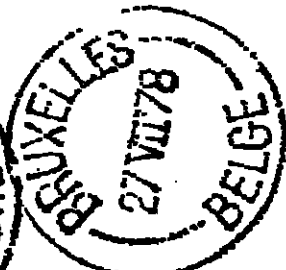
Or the banks? "Do they ever write me a letter offering to lend me money? Not on your life. Stupid."

The car makers? "I own two cars. Do the manufacturers of these cars ever use the mail to sell me a new model? Never."

The travel companies? "Every year I cross the Atlantic in the QE2. Do Cunard ever send me a mailing about their winter cruises? They do not. Maybe they never heard of direct mail."

Charities? "Recently I went to work for a famous charity. Do they use direct marketing to raise money? They do now, because I am on their Board of trustees. But they never did before. There ought to be a direct response professional on the Board of every charity."

Mr. Ogilvy knows a thing or two about direct response; the real surprise is that too big a majority of his advertising and marketing colleagues, particularly on this side of the Atlantic, haven't even thought of catching up.

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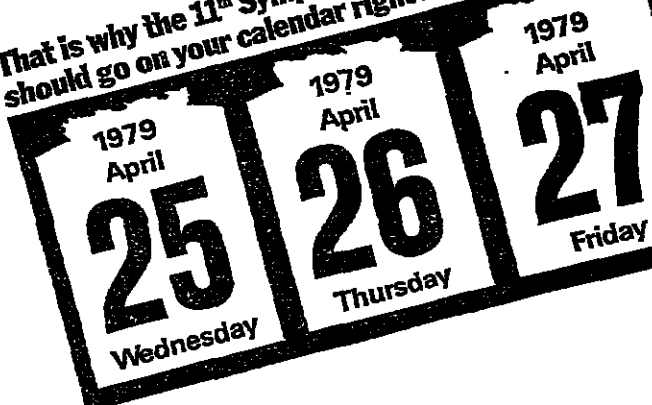
DIRECT MARKETING II

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The Post Office opens new doors

NIGEL WALMSLEY was made director of postal marketing at the Post Office just over a year ago. One of his concerns is the fact that the direct marketing industry—his phrase—has no real statistics to go on. But he produces some guesstimates: possibly some £70m is spent via the Post Office in direct mail advertising; it seems likely that direct mail accounts for between 7 per cent and 8 per cent of the total national spending on advertising; and between 70 per cent and 80 per cent of direct mail is done "in the house" and not through advertising agencies.

For starters Mr. Walmsley is very keen to help the industry develop a statistics base. So far this consists of the Post Office's own research, discussions with the Advertising Association and various other trade associations, talks with interested individuals plus some work with the CAM Foundation and Cranfield. Defining the job is the most difficult part let alone finding an organisation capable of doing the work. After all, many businesses will send out what is essentially an advertisement along with a bill and never think of it as direct mail. It follows, therefore, that the Post Office can never know just how much direct mail it carries.

Service

But it can, and does, have a view of its role. First of all, says Mr. Walmsley, it sees itself as a proprietor of one of the advertising media (in this particular context). It must therefore give a service, be cost effective and be a supplement in many cases to other forms of advertising. For example the Free-post link between Press advertisements and direct mail is now worth £2m a year in turnover. If direct mail, mail order and direct response advertising are put together then the spending through the Post Office is some £130m a year.

There are several services on offer through the Post Office. Household leaflets will reach some 10m items this year in



Mr. Nigel Walmsley, head of postal marketing at the Post Office.

what is a very competitive field. The countrywide sales force sells direct mail as a product. There is a rebate service with quantity discounts on a published scale (if you are very big you can negotiate your own contract); there is a deposit scheme which is really forward buying for shots; and there is the very popular first day cover service. An area for expansion might be more quantity discounting with a close look at marginal pricing opportunities.

But Mr. Walmsley is very keen to sell direct marketing as the concept—this covers the mail out, the response and the distribution (whether to retailer or customer). After all, the Post Office has a pretty good distribution system.

New facilities on the horizon include the use of telecommunications in a similar way to the Freepost. An advertiser could invite a response from, say, Padstow, to Liverpool, and the equipment would recognise the prefix so that the cost of the call would go on the advertiser's bill. This would have two advantages to the Post Office—it should interest the direct marketing men and raise the package-carrying business which is a big area for growth and is at present worth over £300m a year.

Another development beginning to get under way is export servicing, or fostering direct marketing export promotions. It is—or was—a complex area in that until recently it was difficult for an exporter to link with his agent over a direct response card. Now with the accelerated surface post and changes in the regulations it is possible to set up a local response facility from the U.K.

In Mr. Walmsley's view there is one barrier to the use of direct marketing as far as agencies are concerned—few see it as a creative opportunity. Not much attention, he thinks, is paid to the subject simply because it is seen as "light on excitement." To counter this the PO has given presentations to 200 agencies.

Fostering an understanding of the advertising opportunities in direct marketing is part of the PO's programme. It has just finished a campaign on the price freeze for this year which brought in 1,300 responses.

Incidentally direct mail costs have risen 8 per cent in three years against a 40 per cent rise for Press and TV.

There is also a series of conferences, workshops and case studies as part of the plan to encourage users. And in order to raise recognition of importance of creativity in direct mail the PO has been sponsoring an award at the Designers and Art Directors' annual show.

The Post Office has built up a mailing list of consistent users of direct marketing which now numbers 16,000. The outlook as Mr. Walmsley sees it is of being price competitive in the short term but in the long term it depends on the sophistication of advertisers.

As well as doing out advice the Post Office takes its own medicine. Respondents to its direct mail shots get an enormous tear-off note pad. And at the Advertising Association's conference earlier this year a breakthrough in rock technology was made: instead of having lettering all through the stick of rock what all the delegates read as they munched away was the Post Office's telephone number. Now that is really number crunching.

Pamela Judge

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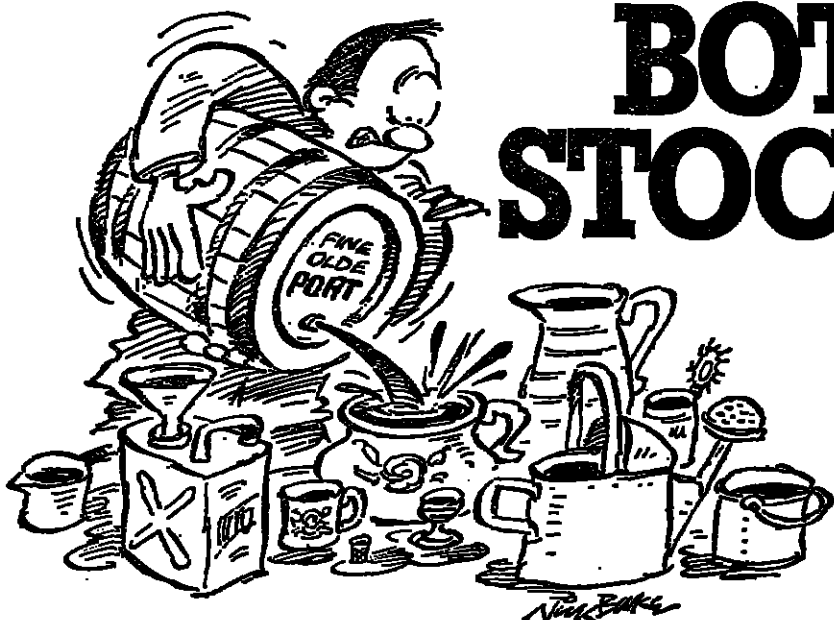
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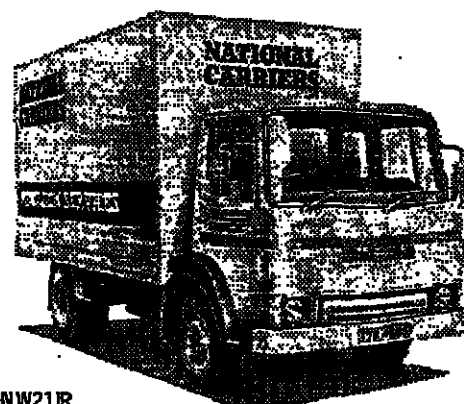
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Impact of technology

A GOOD deal of ink has been spilt in recent weeks in a ritual condemnation of the lack of attention British industry pays to new technology. The matter is a serious one: but it is possible that in the service sector, less odium than otherwise might be appropriate.

For those who operate directly in the marketplace, selling goods to consumers, the benefits of a certain kind of technology have always been obvious. There are two immediate and good reasons for this.

First, the most effective marketing is done when the seller can identify his market. Classically, this may be a hit and miss affair: he demonstrates his product as best he can, and waits to see what the market will bear. In fact, such a classic model is rarely followed except by the very small trader. At the top end of the market, customer profiles, computerised stock control, use of address lists which are themselves computerised and matched against a range of data are now in common use, especially by the large direct mail houses.

Second, the major constraint suffered by industry—a large workforce, efficiently utilised in most cases—is absent, or largely absent, from most direct marketers (and from many large retailers). The considerable dislocation which new technology brings to a workforce, and the corresponding need to ensure equitable arrangements if industrial disputes are to be avoided, are thus generally not problems in the service sector. Hence the introduction of new technology of a certain kind can generally proceed smoothly.

Computerisation of stock and records aids direct mail houses enormously, both by cutting down on their records in physical terms and in allowing them to effect rapid matches between the customers' desires and fulfilling their orders. The use of appropriate computer numbers on the ordering catalogues means that the order is simply checked against a stock number and sent out, while customer files can be generally

simply and routinely updated. Naturally, this vastly improved productivity aids faster expansion both in terms of commodities offered and in terms of customers served. More evolutionary, however, is the potential impact of a new, UK developed technology, named Viewdata Prestel, which now stands fair to becoming a source of market information within the home, allowing customers to make choices and to order from one TV screen.

Viewdata's history is a rare first for the British electronics industry, and a considerable achievement on behalf of the Post Office, which is its main developer. The programme of development has been going on for the past three years, and market trials are now under way. Already, the system has been sold to Germany, and further orders for the crucial "software package," which controls the system, are expected.

Modified

In outline, what happens is that the conventional television set is modified so that it can be linked through the ordinary telephone network to a series of Post Office computers. The TV screen then displays, at the touch of a variety of buttons, a range of information stored on these computers just as if it was an ordinary computer visual display unit.

The original idea was to create a large computerised store of information including that contained in encyclopaedias, financial information, timetables and reference materials which viewers could call up on their screens whenever they wanted to.

However, it is now being realised, by the Post Office and by potential subscribers to the new medium, that the implications are rather wider than that. Put simply, Viewdata could become more than just a static information store because of the ability of the system to receive information as well as to store it and supply it.

Thus, for example, much of the present classified advertising while customer files can be generally

CONTINUED ON NEXT PAGE

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DIRECT MARKETING III

Ways to pinpoint the potential customer

THERE ARE still basically two ways of earning a living in the direct marketing world. A company can either concentrate on devising imaginative new ideas to tap previously unresponsive markets, or it can look after the bread and butter, rather mechanical, leaflets-into-envelopes side of the business. Very few firms manage to combine both services, and increasingly the industry divides.

Fortunately there are always fresh concepts to keep direct marketing moving forward. The underlying trend is to reduce the uncertainty and thus the cost, to move away, where possible, from the shot-gun method, contacting unknown millions cold, to the sniper effect, pinpointing potential customers who are known buyers of the product or service, and timing an approach when they are most likely to respond. There is also more interest in isolating groups with a known, and marketable, affinity.

For example there has recently been a rapid extension in the formation of clubs. Market research revealed that there are 10m people in the UK with relatives in a Commonwealth country or the U.S. For British Airways, Qantas, and other relevant airlines, this group, and their overseas connections, offer an enormous potential for airline travel. So clubs have grown up, such as the British Airways Club, where, through advertisements, in excess of 100,000 people have been brought together and provided with regular information about travel to the particular countries they are interested in. The Club does not attempt to offer cut rate travel so much as hand holding, and a feeling of security. A similar operation binds together executives, offering them the use of VIP lounges at airports and other incentives for joining—and travelling BA.

Of course, once people are gathered together they provide an ideal market for other goods. Christian Brann, the direct mar-

keting firm which has devised the British Airways Club, has already added luggage and private time, trying to entice them in the purchase of another British Leyland car. In the same way the best direct mail companies can work for many small local car salerooms, and garages, offering savings through economies of scale by producing basic literature relevant to all customers, and timed to arrive when they should be considering buying a new car or servicing an old one.

The idea of a direct marketing company over-seeing the selling of many small and non-competitive operators scattered throughout the country serving local markets and unable to finance costly campaigns on their own initiative can be extended to other groups, such as travel agents. Once again it is mainly a case of maintaining contact with existing customers, the direct marketing company offering a computer service as well as a design and mailing facility which enables, say, the keen skier to be prompted by his local travel agent in good time for booking his next holiday. But at the national level both the car manufacturers and the major holiday firms have been reluctant to go in for large scale direct marketing because of their commitment to their local dealer network. However, Butlins has been successfully using direct mail for repeat business.

Another new and growing area for direct selling is the industrial field. It costs up to £20 for a salesman to call on a customer in the industrial sector while a well aimed mailing shot might be 20p. The telephone is also being increasingly used in industrial selling but as with mailings it is perhaps better for repeat, routine, buying rather than trying to get new customers from scratch. Apart from the telephone television Car dealers, publishers, even is proving a useful medium for direct selling. Thames TV, in London, has sold wine through the direct approach but it is in the cheap, off-peak, spots offered

by the regional contractors, such as Border TV, that the low costs expected by direct marketing companies can be achieved. Record compilation and recipe cards are two areas which have sales success stories through the use of television—and direct marketing.

Many of the innovations in direct marketing are in the media used, as much as in fresh market areas: it must be admitted that for many companies a list of clients would show few changes from a decade ago with publishers and book clubs, finance, and credit cards, still featuring prominently. Apart from the telephone, and television, loose inserts is another area that companies like the direct response side of OBM, probably, with Wundermans, the largest advertising agency.

One other industry which is just starting to appreciate direct marketing is charities. Few have taken the possibilities further than the World Wildlife Fund which offers a wide range of merchandise, from bedspreads to clothes, bearing its motif. The customers know they are helping a favoured charity which benefits from the discounts it can squeeze from manufacturers. The latest life up is with Spillers, offering Safaris in Africa for winners of an on-pack competition, but

in this field, are interesting clients. There is also greater attention being paid to more precise and accurate lists—rising postal charges have made unproductive mailings too costly—and also to joint marketing shots, and to international campaigns.

with the charity benefiting according to the size of the popular response.

Because it is hard work and the margins are traditionally low direct marketing has failed to attract some of the "whizz kids" who enjoy making a fortune from advertising. But now the agencies cannot afford to ignore this arm of selling. They might not all like it, because it links effort to results, in a way which imprecise advertising effectiveness is rarely able to do, but the successes of companies choosing the direct approach are too frequent to be ignored. As the agencies set up larger direct marketing departments so many more fresh ideas and new clients enter this so long overlooked field.

Antony Thorncroft

Technology

CONTINUED FROM PREVIOUS PAGE

Prestel. The viewer at home sees something he wants, and presses a button to indicate that he wishes to purchase it. The item could then be removed from the screen and the purchase negotiated. If it is not successfully concluded, it reappears until there is a finished sale.

Further sophistications are well within the system's competence. The viewer could indicate his creditworthiness by punching in his credit card number. Or by pressing another pre-set button, he can arrange for his name and address to be sent to the advertiser so that further details can be sent on. Or he might enter into a computerised form of barter.

A number of trades are now beginning to react, with a mixture of alarm and excitement. Car dealers, publishers, even is proving a useful medium for travel agents all see possibilities in the system—assuming it is widely used—and are trying to get in on the act. For the customer,

there are certain to be at least speed advantages (though its adoption will certainly add to cost).

For the direct mail and marketing houses, the implications are perhaps the most far-reaching of all. At the moment,

they market through the means of catalogues and newspaper advertisements. Viewdata/Prestel offers a much more instant medium. A potential customer, may feel like buying something. With Viewdata/Prestel, he will simply be required to translate his idea into the flick of a switch, and what he wishes to purchase will be displayed on his screen.

Assuming that two-way communications—or interaction, as it will no doubt be called—is possible, then he will be able to "talk" directly to the computer-stored information provided by the direct-mail house. Possibly he will wish to zero in on one commodity—ask for

more information, hire purchase rates where applicable, guarantees and so forth. If he then wishes to order it, he can send the appropriate signal, possibly specifying whether he wishes to make an outright purchase or to receive it on trial.

The further advantage for the seller is that he will very rapidly be able to tell the most popular commodities he has on offer, and thus be able to stock up. However, the initial outlay on his part will be large. He must first "access" into the system—and there may be a large fee for doing so—then he must provide the information stored on his computer on an acceptable form for the Viewdata/Prestel network. Since it will be administered by the Post Office, the standards will be stringent. Yet the benefits can be seen as being enormous.

John Lloyd

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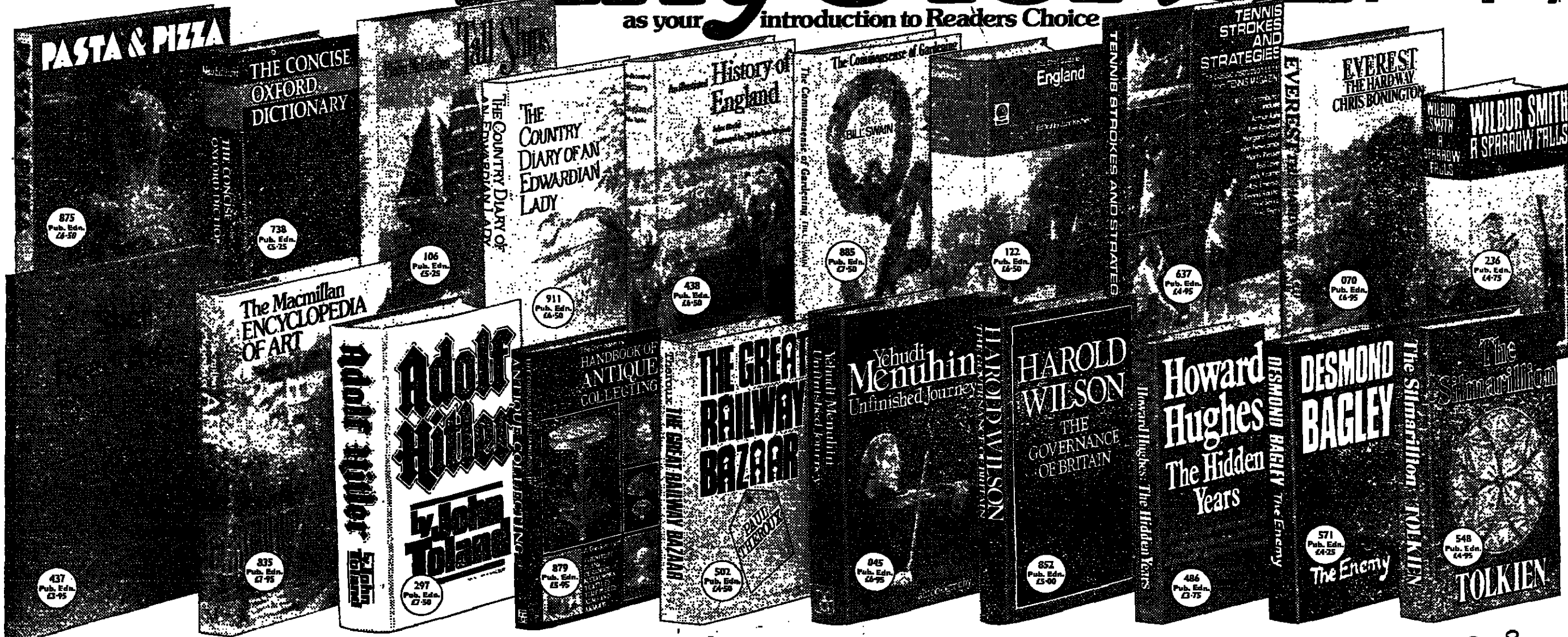


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The Post Office is publishing free of charge copies of a series of specially commissioned articles by independent experts on small freight and parcels distribution. Here is a précis of the second, by Edward McFadyen, Editor, Retail and Distribution Management.

We mean business

THE FUTURE FOR MAIL ORDER IN THE UK.

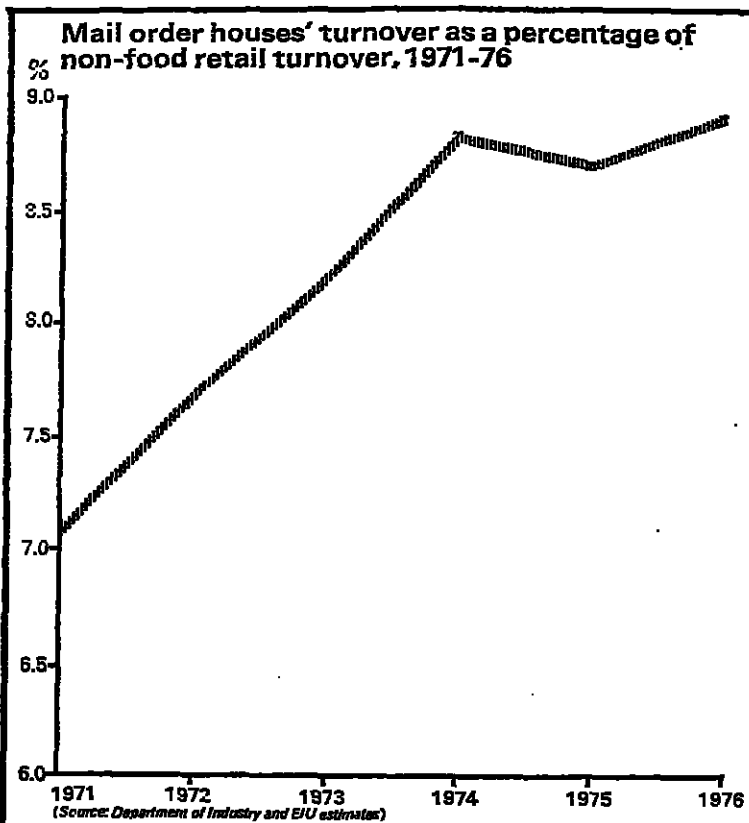
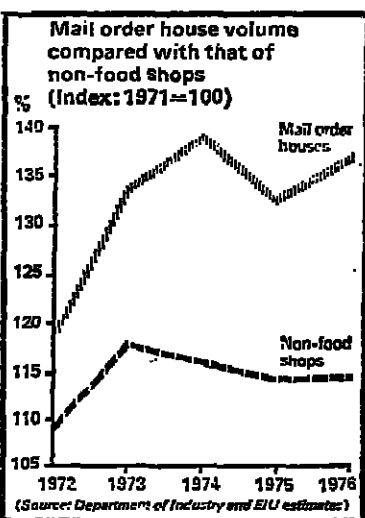
Mail order sets the pace. Against a background of the closure of medium sized multiple High Street units, the success of the suburban convenience shop and the emergence of the superstore, catalogue mail order is doing remarkably well.

The mail order business share of the total retail trade stood at 4.7% in 1976 and, as the graph below shows, at 8.9% if the food side of retail sales is discounted. In terms of turnover, mail order looks even better with a 150% increase between 1971 and 1976. And that represents an average annual increase of 19.5%, as compared with 14.6% for non food shops. In volume terms, performance was also impressive: mail order houses put on over 36% since 1971 compared with less

than 15% for non food shops. During the first quarter of 1977 mail order really set the pace for the retail trade, with sales up 20% on 1976 and, in April, up as much as 30% compared with rises of only 13% and 11% for all non food shops over this period.

From the customers' point of view, then, mail order with its army of housewife catalogue agents—4.2 million in 1976—fits in successfully with today's pressured life style.

Computers improve profits. But it is with the use of data processing techniques and computers in areas such as order processing, stock control and accounting that mail order companies have been able to improve their profits/sales ratios significantly.



A bright future for mail order. In view of the recent improvement in the economic climate, with falls in both interest and inflation rates, an optimistic forecast for the mail order business can be made with some confidence. Scott Goff Hancock Investment analysts, for example, predict an annual average growth rate of 16% between now and 1980, giving total mail order sales of around £2,750 million.

To Jackie Willhorne, Room 434, FREEPOST, Postal Headquarters, St. Martin's-le-Grand, LONDON EC1B 1HQ.

Please send me... copies of the full article: *The future for mail order in the UK* by Edward McFadyen, Editor, Retail & Distribution Management.

Please send me... copies of the article: *Own vehicle fleet costs versus carriers' prices* by J.R. Kelly.

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COMPANY _____
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For information on how GPM can be of assistance, contact Chris Little, Group Plans Marketing Limited, 37 Gt. Marlborough St., London W1V 1HA. **01-434 1461**

DIRECT MARKETING IV



Mr. Alex Reid, of Viewdata, which may have a major impact on direct marketing.

Mail order still the major sector

DESPITE THE growth of other forms of direct marketing, the agency mail order companies remain the grand daddies of the business. One in three adults buy from a mail order catalogue using a network of close to 4m agents who are paid 10 per cent commission on everything they sell. Every day, according to the Mail Order Traders' Association, which represents the big mail order houses, 600,000 sales are made from a catalogue.

As the goods are all delivered to the home, the companies are some of the Post Office's most important clients. Though the biggest companies, like Littlewoods and Great Universal Stores, have built up their own distribution services to avoid ever being caught short again as they were in the early 1970s by a combination of a postal strike and escalating postal costs, Littlewoods alone still send 90m letters through the post each year.

Unique

To an outsider, mail order is a world apart from the rest of retailing. The companies own no shops and sell very little for cash. Their labour and fixed costs are lower than for High Street retailers, and while other traders may tinker with their profit mix by adjusting the odd price, the mail order companies have to set their prices—and stick to them—up to nine months ahead of the date on which the goods are finally sold.

The agency mail order companies have a unique way of doing business which distinguishes them from the smaller companies which only use advertisements as a means of building sales. For the agency companies vast glossy catalogues sent out twice a year are both their shops and their shop windows. No amount of promotion can make up for a poor catalogue as Grattan's found to their cost last year. Customers can explore the range of goods on offer at their own leisure, and perhaps most importantly of all in their own homes. It is this convenience factor, which the companies say, is one of their main advantages over the High Street trader.

Equally important are the armies of agents who collect the orders. Though the agent is not liable by law for a customer's debt, the agency system, which is built largely on friendship, can, when it works well, provide a highly personal credit rating system which no other large retailer could imitate. Not a private company (probably that today an agent's evaluation of a customer's creditworthiness is enough for the big companies; all now have sophisticated computer checking facilities).

Nevertheless, the agents still perform a vital function and the companies are constantly trying to maintain sales through individual agents. The attraction to the agent is primarily the discount she gets on the goods she orders for herself. She is paid no salary or social security benefits and, since very few have a really sizeable network of customers, makes very little on commission.

The other unusual aspect of mail order is, of course, credit. To be more precise, what the mail order companies like to call "free credit." The vast majority of goods bought through catalogues are sold on credit. The cost of the credit is built into the prices, and the size of the weekly instalments can be more important to customers than the final total.

It is largely because of this offer of credit that the myth has grown up that mail order does best when the rest of retailing is in the doldrums. The argument goes that when consumers are short of cash, they are more likely to buy on credit than in times when money is a bit easier. To some extent this may be true, but as all the mail order companies point out, no trader does really well out of a recession. Certainly the mail order houses may have been less affected by the price war than high street traders but at the end of the day consumers only have so much money to spend and the mail order companies have to fight with every high street trader to make sure they get that money.

Even so, the mail order sector has been less badly hit in terms of sales than some other sectors of retailing. The picture does not look quite as bright for the mail companies as it did before the Department of Trade and Industry admitted that it made a serious statistical error with the figures. But even after this error had been corrected, the mail order sales were found to have outstripped those of most other shops last year. Mail order sales ended up 1977 10 per cent up on the previous year in terms of value. This was a far bigger increase than recorded by department stores—the shops which sell the most comparable range of merchandise—or durable goods shops. This was despite the fact that the mail order companies did not really benefit as much as some High Street shops from the Christmas spending spree because shoppers did not really get into the spending mood until December when most of the Christmas mail order goods have already been sold.

As a result the mail order companies increased their share of total retail sales. Whereas in 1975, the mail order companies took a smaller share of the total retail cake than the department stores, with around 4 per cent of sales, last year they came close to overtaking the department stores with a share of about 4.8 per cent.

Around 90 per cent of this business was done by the six big companies—Great Universal Stores, which operates the five British Mail Order Company catalogues and Rays of Worcester, Littlewoods, Grattan, Freemans, UDS and Empire Stores. Because Littlewoods is Britain's largest and GUS does not break down their figures in any great detail, it is difficult to be precise about market shares within the mail order sector but what is clear is that last year it was Littlewoods which was setting the pace.

Inflation

Mail order sales can be "bought" by heavy advertising and recruitment. In 1974 most of the big companies put on the brakes because, with higher postal costs and interest charges and rocketing inflation, it simply was not worth chasing growth. But last year, Littlewoods was selling hard with Empire and Freemans also pushing strongly for sales too. Littlewoods managed to notch up a very respectable volume credit. The cost of the credit is built into the prices, and the size of the weekly instalments can be more important to customers than the final total.

Sales this year have been encouraging so far. While other

retailers complained that demand tailed off again in February, the mail order companies seemed to be pleased about the way it had started, and the City at least seems to be looking for volume gains in the sector for the whole of the year.

One cloud on the horizon is the EEC's proposal for controlling doorstep selling. Though the industry would survive if

the proposal became law, it would necessitate major changes in its traditional method of operation. The British mail order lobby has fought a strong campaign to fend off such legislation in Brussels and the signs, at least in Westminster, are that it has succeeded in getting its case across.

Elinor Goodman

THE FASTEST MOVERS IN MAIL ORDER

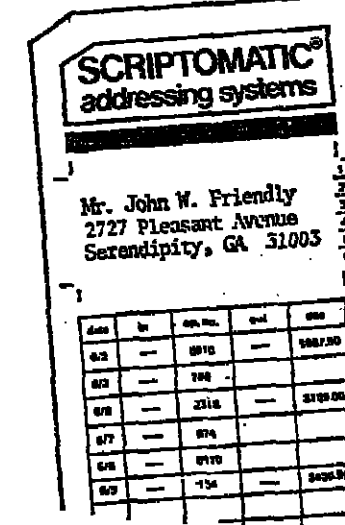
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The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

TV REVENUES/Harold Lind

Clearing the picture

INFLATION IS NOT only a thief, it is a liar. As well as making us poorer, it confuses and misleads us until we become incapable of making any rational decisions. Since our ability to comprehend the present and plan for the future depends on our sense of perspective, we must find a way of looking at economic indicators as they are, not as inflation makes them appear.

For anyone with an interest, professional or academic, in trends in advertising revenue, the most important indicator to watch is that for TV advertising revenue. There are two reasons for this. First, accurate monthly figures of revenue for the ITCA companies appear within about three weeks of the end of the month—as opposed, for instance, to the Press, where similarly accurate figures may not appear for six months or more.

The second reason is that television advertising is one of the earlier movers in the advertising trade cycle. We may not know exactly when or exactly to what extent other areas of advertising will follow the lead of television, but we can reasonably expect that before long, and to some extent they will. This makes it all the more important to get a clear understanding of the real position of TV advertising, uncorrupted by the excesses of inflation.

The attached table presents one means of doing this. It shows the quarterly figures for TV revenue since 1968, adjusted for inflation (using the retail price index as the base) and also seasonally adjusted. There are a number of methods of adjusting figures for inflation, each producing something slightly different. By using the retail price index, we show the amount of real resources or buying power going into TV advertising each quarter, and in this way can judge how good or bad a quarter really is.

By comparing the first and second columns in the table, the former showing actual TV advertising figures (on AA definitions) and the second the same series adjusted seasonally and for inflation, we can see how misleading the former can be. To give just one example, between the first quarters of 1971 and 1972, advertising expenditure rose by £5m or 15 per cent, while between the first quarters of 1974 and 1975, expenditure rose by £7m or 20 per cent. But looking at the second column we find that the increase in real terms between the first two years was more than 10 per cent, while there

was no increase at all between the latter pair of years.

To the historically minded, the figures must raise a number of highly interesting questions. Contrary to general belief, 1974-75 was not the worst period on record for TV—in real terms 1970 was the worst year of the series, which raises the fasci-

TELEVISION ADVERTISING

Quarters	Actual revenue, AA definition (£m)	Seasonally adjusted in 1970 prices (£m)
1969		
1	30	32.0
2	31	32.1
3	32	30.3
4	32	29.0
1970		
1	26	26.4
2	29	28.4
3	24	28.4
4	34	28.6
1971		
1	32	28.5
2	32	29.1
3	37	29.0
4	39	34.0
1972		
1	38	33.2
2	41	37.7
3	41	37.5
4	59	36.2
1973		
1	35	28.5
2	45	30.0
3	40	31.0
4	56	29.0
1974		
1	42	28.5
2	50	27.0
3	46	28.0
4	70	29.0
1975		
1	55	30.0
2	72	32.5
3	66	31.0
4	86	31.5
1976		
1	75	34.5
2	90	34.5
3	72	34.3
4	114	37.3
1977		
1	97	41.0
2	102	36.5

ating question as to why the economic slump beginning in 1974 affected television less heavily than the much milder one of 1970-71. Probably the answer has something to do with the wider base of product categories now using TV advertising than was the case at the beginning of the 1970s; if this is so, it affects significantly estimates of the future progress of TV advertising, to say nothing of the viability of a second commercial channel.

We could raise many more historical points, but the practical advertising man has evolved with a massively short memory and is rightly more interested in the present as a guide to the immediate future. The speed with which television statistics are produced means that we can already look at the first two quarters of 1978, and a most interesting exercise this proves to be. Everyone believed the first quarter of 1978 to have been a very good one for television advertising; these figures demonstrate just how good it was.

Adjusted for inflation and seasonally adjusted, it proves to be the best quarter for TV revenue in the entire series—indeed the best by a very considerable margin. The next best quarter, quarter two of 1973, was almost 9 per cent lower.

Appreciating the quite exceptional nature of the figure for the first quarter of 1978 helps put the second quarter figure in some perspective. Two points must be made about this figure. First, the fall in real terms between the first and second quarters of 1978 is the second biggest on record, exceeded only by that from the last quarter of 1973 into the quarter of the three day week.

This appears to be rather a devastating statistic, but is made less so when we actually look at the number of working women in the number of working women has not yet been absorbed by marketing men, despite their trend charts and sales info, their inexhaustible research data, and just for demographics. According to current U.S. thinking, profound changes in women's lives may be the single most important missing factor in the majority of marketing programmes, simply because marketing departments are still under-estimating the number of working women, over-estimating the number of full-time housewives, and failing to distinguish the qualitative changes that have occurred among both.

What holds good in the U.S. does not always hold good in Britain, but in this case there is no evidence to suggest that it does not. In other words, the answer is likely to have far-reaching implications both for television advertising and for the rest of the advertising industry. At present I am in the process of producing the next Advertising Association forecast, and I do not intend to prejudge it by giving my guess at the answer. But it is worth emphasising that the real seasonally adjusted figures shown here make it much easier to ask sensible questions when forecasting likely advertising expenditure levels.

Current U.S. theory holds that profound changes in women's lives may be the single most important missing factor in most marketing programmes.

MICHAEL THOMPSON-NOEL reports

Misunderstanding women

IT WAS THEODORE LEVITT, rushing to defend the housewife's redundant accumulation of over-advertised, undistinguished floor waxes that work faster than fast, last longer than long and clean easier than easy, who observed that she needed precisely the miracles that the adman promises. Her endless, repetitive, awful routine, he thought, contrasted violently with that of her sporty spouse tripping daily home from work after a restful day at a sedentary job in an air-conditioned office surrounded by efficient secretaries and other paid performers.

No wonder Mr. Clean, the muscular Turkish eunuch of televisionland, was so eagerly welcomed into the house, wrote Mr. Levitt. No wonder Mr. Clean's multi-armed, ambidextrous competitor, Handy Andy, was such a dear attraction. The harried housewife needed more than help. She needed miracles.

But who, today, is the housewife? There is a growing realisation in the U.S. that what every marketer should know about women needs drastic updating—that the profound rise in the number of working women has not yet been absorbed by marketing men, despite their trend charts and sales info, their inexhaustible research data, and just for demographics. According to current U.S. thinking, profound changes in women's lives may be the single most important missing factor in the majority of marketing programmes, simply because marketing departments are still under-estimating the number of working women, over-estimating the number of full-time housewives, and failing to distinguish the qualitative changes that have occurred among both.

What holds good in the U.S. does not always hold good in Britain, but in this case there is no evidence to suggest that it does not. In other words,

marketeers on both sides of the Atlantic are almost certainly still clutching to outmoded assumptions about the fairer sex.

According to Rena Bartos, a wife, 18 to 49, Consulting Bureau senior vice-president at the J. of Labor Statistics as at June, New York, the current, unspoken assumptions on which many marketing plans are based represent a static, monolithic view of society that "assumes that everyone is cut out of one of a few cookie-cutter patterns and that nothing really changes. Marketing programmes built on this kind of perspective cannot reflect the diversity of different life-style groups."

Writing in the Harvard Business Review, Ms. Bartos lists the following cookie-cutter target groups: Any housewife, 18 to 49 (the key customer for all household products and foods); her motivations include winning her husband's/children's approval of her competent housewifery. Any male head of household, 24 to 49 (the key customer for all big-ticket items—cars, business travel, financial services. His motivation? Status, achievement and protection of his dependents). Any girl, 18 to 25 (the key customer for cosmetics, perfume, fashion. Her motivation is to get a man). Any woman, 18 to 34 (the key customer for sports cars, beer, liquor, toiletries. Her motivation? To have fun, win girls).

Ms. Bartos does not at all care for these brutally arrived at targets. "The one characteristic that all these marketing targets have in common is that no one is ever over 49 years of age. In addition, marketers take for granted the conventional wisdom that brand choices are formed early and that younger families represent a higher volume potential."

To illustrate her contention that any practical-minded marketer can challenge the assumptions on which past market definitions are based and clichés.

then re-align his or her marketing procedures with reality. Ms. Bartos concentrates on the traditional target group, any housewife, 18 to 49. Consulting Bureau senior vice-president at the J. of Labor Statistics as at June, New York, the current, unspoken assumptions on which many marketing plans are based represent a static, monolithic view of society that "assumes that everyone is cut out of one of a few cookie-cutter patterns and that nothing really changes. Marketing programmes built on this kind of perspective cannot reflect the diversity of different life-style groups."

Contrariwise, the housewife market is "far greater than the size assumed by marketers who define housewives only as full time housekeepers... It includes another 31 per cent of American women who are working and married; it also includes the 13 per cent of women, unmarried and working, who are household heads."

Without worrying ourselves to pieces with the demographics, we can look at how Ms. Bartos subdivides housewives and working women into what she regards as four perfectly distinct segments, each worthy of highly individualistic marketing attention. Using official statistics as well as the research findings of the Yankelovich Monitor, Ms. Bartos says the following sub-groups can be identified, none of whose members can be described as sisters-under-the-skin when it comes to buying products: stay-at-home housewives (30 per cent), "plan-to-work" housewives (16 per cent), "just-a-job" working women (36 per cent), and career women (19 per cent).

These groups shop differently and buy different brands. They use the media differently. They are motivated differently and given to different life-styles.

In looking at their differences, Ms. Bartos examines three of marketing's most cherished clichés.

"We can no longer assume that every bride automatically becomes a full-time housewife. Living happily ever after does not necessarily mean staying barefoot and pregnant!"

Rena Bartos



(As it happens, a survey recently carried out for IPC Women's Magazines in Britain has confirmed the major influence now exerted by women in the holiday travel market: 75 per cent of married women in this country now say they are directly involved in deciding where a holiday should be taken.)

Ms. Bartos stresses that keeping up with changes in the marketplace is not particularly onerous. The process, she says, is simple: (1) Re-examine the assumed target. "Does a review of both the hard and soft data suggest that some groups now account for about 40 per cent of (all) automotive purchases decisions... the career-orientated working woman emerges as the heroine of the car advertiser. She is far more likely to have shared in the purchase decision than the average woman in any of the other three groups."

Cliché No. 3 is the assumption that the business traveller is a man. "This assumption holds up if business travel is analysed on the sex alone; for example, 17 per cent of all men as compared with only 5 per cent of women have travelled on business in the United States. But the assumption does not hold up if career women are distinguished from other women. As travel customers, career women are some- where between 70 per cent and 94 per cent as important as men presume, however, that not many in their business travel activities."

It really isn't difficult, although as Ms. Bartos says, the first marketers who rise to the challenge of closing the gap between the realities of social change and their own market procedures are invariably the ones who reap the benefits of new opportunities.

According to Byron: "There is a tide in the affairs of women, which, taken at the flood, leads 'God knows where.' We can market men have read Don Juan."

An opportunity to re-arrange your prejudices.

Recently Campaign carried a survey of 110 client companies showing how they rated the top advertising agencies. Under the heading which asked them to rate the ones they believed to be fast growing, Dorland came 11th out of 33. The fact is Dorland was the fastest growing of the top 20 agencies in 1977.

MEAL Top 20 Agencies for 1977	% Change on 1976
1. Dorland	+58.6
2. McCann Erickson (including Harrison McCann)	+47.8
3. Collett Dickenson Pearce	+40.0
4. Greys	+37.9
5. Lintas	+32.9
6. Masius Wynne Williams	+29.1
7. Davidson Pearce Berry & Spottiswoode	+27.6
8. Leo Burnett	+27.4
9. Wasey Campbell Ewald	+26.6
10. Saatchi & Saatchi Garland Compton	+24.9
11. Ogilvy Benson & Mather	+16.3
12. Benton & Bowles	+15.1
13. J. Walter Thompson	+13.6
14. French Gold Abbott Kenyon & Eckhart	+12.1
15. Doyle Dane Bernbach	+ 8.6
16. Ted Bates	+ 8.0
17. Young & Rubicam	+ 4.8
18. Allen Brady & Marsh	+ 2.4
19. Foote Cone & Belding	+ 0.2
20. Boase Massimi Pollitt	- 5.7

Source: Media Expenditure Analysis Limited.

And so far this year we've added another £4 million. So our respectful message to the client companies in question is this: could you be wrong about some of the other ratings too?

Why don't you telephone Jack Rubins, Chief Executive, and ask him to re-arrange your prejudices!

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More Tesco money for McCann

TESCO HAS checked its Elm Home and Wear TV account out of Interlink and into McCann-Erickson, which means the McCann group is now responsible for Tesco's total ad budget, expected to be worth £6m-plus this year.

McCann chairman Nigel Grandfield said last night that group billings in the current year are well on course for £75m.

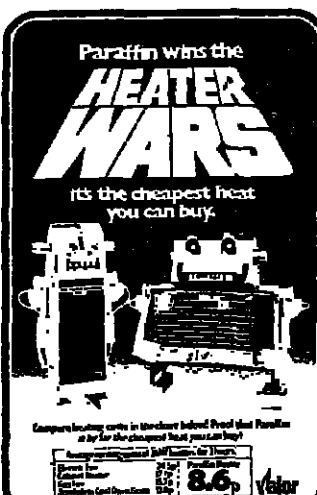
The Tesco account ranges across the supermarket chain's day-to-day local and national Press advertising, TV, the opening of new stores as well as staff recruitment. McCann's was first brought in to advise Tesco during the period last summer when it dropped Green Shale as its agency and launched the High Street into its price war.

Heater wars

YOU'D HAVE THOUGHT by now that Star Wars had burnt itself out and that advertising and sales promotion agencies were busy scanning new galaxies for sales ideas. On the contrary, Star Wars lives. The original, a dollar-a-week if ever there was one, is still doing record business, while work on Star Wars 2 is now in progress.

Thus it came to pass that a Heater Wars theme featuring Cheap-Heatio and Mighty Warm has just won an unusual panel competition to choose an agency staged by Valor which this autumn is running a £300,000 TV and Press campaign for paraffin heaters.

Seven agencies, ranging from big to small, were invited to pitch, none of which was allowed to reveal its identity to the selection panel of ten. The agencies not only had to win across Valor chairman Michael Montague any managing director Bob Ing, but had to convince a man from Esso, a home



economist, a hardware magazine editor, an outside PR consultant, a hardware wholesaler, two export men and a retailer with 3,000 shops.

Yet the pitch progressed smoothly enough. The panel was unanimous—a Heater Wars theme, presented by Charles Barker, Blank and Gross of Birmingham, was regarded as "completely outstanding." In the course of the campaign, Cheap-Heatio and Mighty Warm will be dispatched to Earth to banish low temperatures and high heating costs.

Well... how would you sell paraffin heaters?

Life Savers looks for £14m bubble

By Pamela Judge
LIFE SAVERS UK is hoping to attract the 16-to-30-year-olds with the introduction of Bubble Yum Spearmint alongside Bubble Yum fruit flavour. According to the company, Bubble Yum is now the country's leading bubble gum. It was launched in May, backed by a £1m TV budget.

The company, a subsidiary of Life Savers Inc., part of the Squibb Corporation, is predicting a 100 per cent increase in UK bubble gum sales this year to £14m and expects this to rise to £30m by the end of next year.

NET TV advertising revenue in June was £23.7m compared with £20m in the same month last year, a rise of 18.5 per cent.

BOWELL JONES Schneider Weaver is to handle advertising for Vingresor UK, the Swedish SAS-owned direct selling holiday company which is entering the British market.

FISHER-PRICE is raising its Christmas TV spend by over £200,000 to £478,000. Agency: FGA-Kenyon and Eckhardt.
BOOTS COMPANY'S industrial division has appointed Roe Downtown to undertake an area of new product development.

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Wigmore Hall

Borodin Trio

by DOMINIC GILL

Tuesday's evening's recital at the last movement's coda lost all the Wigmore Hall's summer festival of chamber music marked the first appearance in this country of the Borodin Piano Trio—although their violinist, Rossini Dubinsky, is known to us already as the distinguished leader for more than 30 years, until he left the Soviet Union in 1976, of the Borodin String Quartet.

It was not, however, a greatly distinguished evening. The very slow and deliberate tempo the Borodin chose for the opening movement of Chalkovsky's A minor trio kept the romance and the soaring of the music firmly established. The pianist, Luba Edina, was especially disappointing: the attack was nervous, tentative, inclined to bang, often inaccurate; the sonority itself lacked depth and sparkle. There was a tendency to turn *risoluto* to *maestoso*: the dark anguish of

Guildhall, E.C.2

Carl Flesch Competition

by ARTHUR JACOBS

A well-aimed grenade, metaphorically speaking, has stirred the calm waters of the Carl Flesch Competition for Violin. It was flung by none other than the director of the competition, Yifrah Neuman of the Guildhall School of Music.

Having just returned from serving on the jury of the Chalkovsky Violin Competition in Moscow, Mr. Neuman declared in an interview in last Saturday's Times that such competitions could be a disservice to art. They could exalt "technique and flair" at the expense of deeper musical qualities. He confessed a distaste for both the joint winners in Moscow—a Russian and an American—and claimed that some of the jury had been "forced" to give awards to those of whom they did not approve.

This raised the question whether Mr. Neuman should not have resigned from the Moscow jury on the spot rather than complain afterwards. It also suggests the need for a keen scrutiny of the standards and procedure of the London competition—named after Carl Flesch, a German violin pedagogue who found refuge here from the Nazis. Last night and tonight the six finalists—accom-

Guildhall School of Music and Drama

The Return of Ulysses

by NICHOLAS KENYON

The curtain rises on Botticelli's *Birth of Venus*, without Venus. The two halves of the painting have been distorted and pushed aside, leaving Venus' shell as the only element which stares at us through the whole evening: a Pop Art portrait of Aik Seeling Fate. On the left, the intricate winds blow, apply representing the buffeting which Ulysses receives on his homeward journey. In the centre, the shell, lowered like a drawbridge, provides a platform from which the gods can emerge to help or hinder the mortals below.

So far, so good. *The Return of Ulysses* is the last of Monteverdi's three extant operas to be staged by Kent Opera, and it looked as if this design by Roger Butlin was going to provide a parallel with their earlier account of *Orfeo*, in which Poussin's paintings provided Jonathan Miller with a complete vocabulary for his production—posture and movement as well as scenery. But here, Botticelli remains in the background. Digby Howard's costumes are pompous, gaudy, heavy creations of a Botticelliian grace, conceived in the most appalling colours (both Ulysses' uniform and his peasant disguise—which looks like a tailor's sample book—are topped by a single, incongruous bright blue feather).

Norman Platt's production is adequate, but has no special coherence, no special stylistic framework. There are some mistakes (Penelope's suitors should display a "discreet" subterfuge, not caricatured middle age) and Mr. Platt's original ideas tend to be odd: why treat Melanto's impassioned speech to Penelope as a rehearsal which the queen interrupts? The great central episode of the breeding of Ulysses' bow, followed by his slaughter of the suitors, was staged with no more conviction than a village archery match. If the visual side of this *Ulysses* is somewhat confused, the musical side is absolutely clear in its aims. Roger Norrington conducts and has prepared the edition of the score. He has reinforced his determination (already seen in his version of *Poppo*) in move away from both a lush, 20th-century elaboration of the score, full of muted strings and harps (such as Raymond Leppard provided in his famous Glyndebourne *Ulysses*) and from a pseudo-17th-century recreation of high renaissance sonorities (such as has been attempted with typical idiosyncratic brilliance by Nikolaus Harnoncourt, in his *Ulysses* which will be seen in the Edinburgh Festival). There can be no doubt that Norrington is right: a handful of strings and a substantial group of continuo instruments is what Monteverdi would have had in Venice in 1641. The problem is to make such an austere combination work.

And in this *Ulysses* it does work, superbly. The strings are kept in reserve for their tiny ritornellos and arias, which they play with ideal liveliness and precision. The continuo English would be more welcome, and basses sustain all the rest. Norrington seems to have after the occasional change of timbre, and so contrasts the accompanying instruments (in the



Maggie Jordan and Jane Lee

Half Moon

Tigers in the Snow

by MICHAEL COVENEY

A piece about four recalcitrant female inmates of a mental institution would have to be strong to come across in any circumstances, but on a warm July evening, and in Dave Marson's static dramatic fiction, the upshot is difficult to recommend. Apparently based on the real case of one Vera Bell, an antagonistic Glaswegian alcoholic prostitute with a criminal record, the play sets out to show how social victims are conditioned into unthinking obedience under a restrictive medical system of party games, false flattery and empty promises.

Albert Hall/Radio 3

Macbeth by ANDREW PORTER

The first prom of the season was devoted to Verdi's Requiem, and the fourth, on Tuesday, to his *Macbeth*—in the original, 1847 version. At the time of its composition, Verdi deemed this work "dearer to me than all my other operas," and it is one of the most coherent and the least controversial he ever composed. In 1885, after *La forza del destino*, he revised it for Paris; he replaced the bravura arias by "La luce langue" and the duet "Ora di morte," rewrote the exiles' chorus and the final scene, and strengthened some other episodes. The 1847 *Macbeth* had been frequently performed; the 1885 *Macbeth* was not until this century to be admired.

The revision, as Julian Budden pointed out in the Prom programme note, was concerned chiefly with modernisation for a contemporary, and specifically a Paris, audience. In 1885, people wanted to attend new operas composed in a new manner and no longer expected to hear colouratura employed as "a vehicle for forceful dramatic expression." But in our day of Ottocento *riassunzione*, when old operas are preferred to new, and colouratura—however imperfectly executed—has become commonplace, even the "old-fashioned" passages of the 1847 score can be heard as notable advances on Donizetti and earlier Verdi. Unrevised, *Macbeth* was staged by University College in 1975, and again last year in Danville, Kentucky, as the centrepiece of the Fifth International Congress of Verdi Studies. Both productions were praised. The Prom performance, more strongly cast than either of them, was also warmly acclaimed.

John Matheson conducted. He is a competent advocate for unfamiliar Verdi, and the playing of the BBC Concert Orchestra had the colour, force, and eloquence that also distinguished the unrevised *Don Carlos* and the unrevised *Boccanegra* presented by the BBC under his baton. He commanded the energy, the boldness, and strangeness, and the delicacy of the score. His rhythms were keen, and his tempi well chosen. The long scenes—*Macbeth* is the

Book Reviews appear on Page 12

careful dynamic markings. Kenneth Collins, as Macduff, was the worst offender. His "Ah, la paterina mano" made its effect as a big, clean sing, smoothly and fully executed. But it could have been twice as moving if Verdi's piano and then *pianissimo* at the move into F-flat, his two or three different kinds of accent, if his delaying of any forte until almost the end had also been observed.

Peter Glossop, in the little role, dark, hollow, and stifled voices that the composer asks for. (In the first nine bars of "Due vateini," Macbeth has six verbal instructions about contrasts of timbre: there are others in a letter of Verdi's to Felice Varesi, who first sang the role.) When it came to a *roce aperta* or *con forza*, Mr. Glossop tended to force beyond the limits of acceptability. One, for example, he followed by the swift 1847 close, not the big tableau of troops, bards, and populace.

From time to time, it is good to hear a major composer's initial conception in its integrity. The *Ur-Macbeth*, like the *Ur-Boccanegra* and the *Ur-Don Carlos*, has proved well worth doing in its own right—different from its successor, lesser, maybe, but also more shapely. As Budden once said, by revision "the sky line was altered." The great things common to both versions are even more impressive: the occasional pretty banalities are less disturbing, when set in the earlier perspective.

York

Hovingham Festival Opera

by JOHN WARRACK

Such was the success of the York Early Music Week last year that it has now become a Festival and spread to cover three weeks and to find homes outside York itself. Ripon and Gilling, each a lovely town, and last weekend included opera at Hovingham Hall. The fine riding school is no stranger to music—there was a 19th century Festival of some enterprise, and more recent series of meetings that included opera—and it made an agreeable setting for Telemann's *Pimpinone* and Handel's *Acis and Galatea* in productions by the so-called Hovingham Festival Opera.

This is really a group of enthusiastic young musicians run by Peter Seymour, conductor and former organist of Selby Abbey and an enterprising force of the Festival, and his wife Yvonne, soprano and, to judge by her work with the chorus, a teacher of striking gifts. Resplendent in a wig and a brocade coat that would have done justice to the Tailor of Gloucester, Mr. Seymour conducted a band of some dozen players also in costume and using period instruments. The strings had period bows and modified violins; there was the

charming, soft burr of baroque partly stylised gestures and oboes, doubling with some virtuoso recorder playing; as continuo there was a beautiful Harward harpsichord of 1683 of Gay's text into tannity, which the Wesley family had projected voice and her accurate judgement of the acoustic, together with her dignified stage presence, were an excellent foil to Richard Morton's lyrical Acis; and Stephen Varcoe, ragged and melted and burned to splendid effect as a like but still menacing Polyphemus. Julian Pike was an elegant young Damon.

The final murder of Acis and his metamorphosis into a stream was ingeniously contrived; but it was not contrivance in solving problems which was the dominant impression. Understanding of baroque conventions, on the stage as well as with the music, has advanced to the point where it is natural to a whole generation of young musicians as a result of the early music movement. The costumed orchestra may be a conceit; but the music itself is made with the un-mannered conviction that Handel is most himself when played with proper technical care for the resources he himself knew.

Record Review

Nat, J.J. and Jake

by KEVIN HENRIQUES

The Yokohama Concert. J. J. Johnson and Nat Aderley. Pablo Live (2 LP set) 2820 108

Jake Walk Blues. Louis Stewart. Pye NSPL 18855

There Comes a Time. Gil Evans and his Orchestra. RCA FL 11057

Yonty Solomon plays the George Gershwin Song Book. Criterion CR 282

The Day of the Dead. Graham Collier. Mosaic GCM 783/4

The small groups coiled for many years by the Aderley brothers, altoist Julian "Cannonball" and trumpeter Nat, produced a last, best-drawn, groovy sound. Since Cannonball's untimely death in 1975, Nat has not found a compatible, full-time musical partner. On the album, evidence of their recent Pablo double-album trombonist J. J. Johnson would, if his commitments allowed, clearly be among the most suitable. The concert in Japan brought together these two vastly experienced post-Bop musicians with a much younger, almost totally unknown, rhythm section.

Most of the tunes are by Johnson or Aderley, including the latter's hit "Work Song," and there is plenty of variety in moods and tempi. Johnson has a pretty, brooding set-piece to himself, "Lament," with only keyboard accompaniment. Elsewhere he blows with customary speed and stamina, his harmonic inventiveness as commanding as ever. Aderley bristles on cornet, the fast-furries of notes effortlessly spurring out. Yet he contrasts this, as in "Melodee," with muted playing of warmth. The rhythm section supports the two horns men with understanding and application.

During the past couple of years of so the small independent label Stash has produced some out-of-the-ordinary releases devoted to diverse themes ranging from songs about sex to a double album featuring women instrumentalists. Now comes a release containing 15 songs which commemorates (if that is the right word) Jake, an adulterated Jamaica ginger extract which was an illicit drink taken in the southern and midwestern U.S. around 1930. Victims of the ensuing illness were said to have "jake leg" or "jake walk."

The tracks are split among white and black artists. The former, such as cowboy/film star

Gene Autry, tend to be nasally, bilbilly singers not averse to throwing in exhorting yodels. Far more bearable, and indeed, moving, are Negroes such as Willie Lott on "Jake Leg Blues" or Ishman Bracey on "Jake Liquor Blues," though the surface quality of this is extremely poor.

There are some instrumental tracks one of which, "Jake Leg Wobble" by a fiddle-guitar duo, purports to give an impressionistic portrayal of the gait impairment resulting from having the illness. Blues guitar addicts will find the bottleneck playing of Lemuel Turner on "Jake Bottle Blues" the highlight of this disc.

Irish guitarist Louis Stewart has raised a lot of admirers in this country, notably at Ronnie Scott's Club in London, where he often leads, or plays in, the supporting group of the evening. He has a fast, driving style, which seems geared to fast tempo tunes. Not surprisingly, these predominate on Milesian Source.

Even on the gentle paced "A Little Cloud," Stewart's fingers pluck the phrases rapidly and it is only on his fine arrangement of Gabriel Fauré's "Avant que l'été" that he exhibits delicacy and restraint. For in this is the most appealing and memorable track of the seven: acoustic and electronic instruments are, for once, sensibly mixed and controlled, there is a notable piano solo by Martin Blackwell and the entire piece is played with taste and, more importantly, exquisite musicianship. Stewart arranged it and also wrote the four compositions on Side 1. Excellently recorded, the LP is very much his triumph. But deserved praise must be handed to the accompanying musicians.

The arrival, long after he had left these shores, of Gil Evans' latest available record gave me a chance to reconsider from a distance my lukewarm reaction to his 13-piece band at its Festival Hall concert in February. Though there are many more musicians on the record, the effect is to make Evans' compositions even more overpowering than in London. Electronics and the wide scope of the modern recording studio obviously obsess him at present. This would be acceptable if the writing and textures were anything other than ordinary. The title track for instance, opens with a lot of sounds of the various instruments, a reverberant, declamatory of some banal lyrics. Altogether it is an hour of intense, some Jimi Hendrix-style guitar sive but rewarding listening.

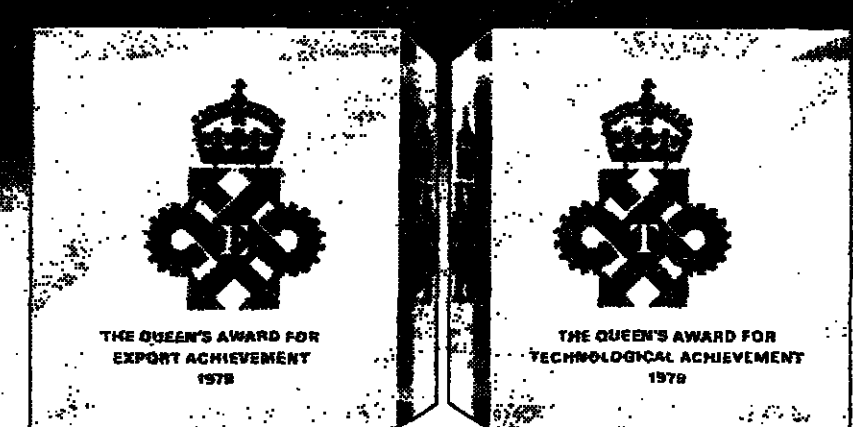
Questors, Ealing

Faust by MICHAEL COVENEY

We have countless subsidised studio theatres in the country but I do not recall one of them ever tackling Goethe's fascinating *Urfaust*, a powerful chamber piece and the basis of the first part of the poet's mammoth life-long undertaking. The amateurs at Ealing, with a fine disregard for English insularity in these matters, have come up with a very serviceable version of the short play, written between 1773-75. It contains the whole of Faust's involvement with Gretchen, the scene of Mephistopheles and the Student, the diabolic pact, and simple religious rites, and simple Emmet's admirably turned translation (no rhymes or Alexandrines), a bare-bones, sensibly murder of *Urfaust* from the literal job ideal for what is, of necessity, a modest production.

The audience is seated on fifty seats around a sunken arena in the studio theatre and, although the 1887 Göthehaus edition contains no display of Faust's diabolic pact, the amateur production is successfully established in the acting of Mike Langridge (Faust) and the upright, black-garbed, slightly sneering figure of Alan Chisholm as Mephistopheles.

It is enthralling to witness the development of Faust's doomed passion for the country girl and, as the play shifts, in its later stages, into a moving examination of the doctor's impact on the rustic community with its religious rites and simple purpose and integrity. It is a rewarding evening, a considerable feather in the Questors' cap. Mr. Emmet is also the director.



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FINANCIAL TIMES

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Thursday July 27 1978

For Bourbons,
by Bourbons

THE DOCUMENT published yesterday by the TUC and the Labour Party and entitled *The Eighties: an Agreement* is not an election manifesto. The membership of the committee which produced it, however, goes all the way across the party spectrum from Mr. Ian Mikardo on the left to Mrs. Shirley Williams on the right, and it also included Mr. James Callaghan and Mr. Denis Healey. The report cannot be dismissed therefore as an aberration. There may be some differences, as Mr. Callaghan said at the Press conference, about timing and methods, but this is the nearest we have to the authentic voice of the Labour Movement, at least in so far as it is possible for the movement to speak in unison.

Back to form

In the document's own words, the aim is twofold: both the creation of a stronger economy and of a fairer, more just society. To achieve the latter, it says, it will be necessary to have a growth rate of "well above 3 per cent per annum in the years ahead." The crucial question is thus whether such a rate of growth is likely to be attained under the sort of policies outlined, and the answer is very probably not. Indeed there is one very telling passage which frankly admits the size of the problem. Referring to what it calls the "job saving interventions" of the government and the NEB in the affairs of companies such as BIL, Chrysler and British Shipbuilders, the document does not say: "But in spite of a programme unequalled in the western industrialised world we acknowledge that the problem of restoring full employment within an acceptable period of time is daunting." What it does say is: "What is so discouraging about that sentence is the readiness to boast about how much public money is being spent, the partial recognition that it is not achieving as much as is desired and, at the same time, the absolute refusal to contemplate alternative approaches."

It is this theme of "more of the same" which runs through the document. There may be concern, for example, about the low level of company profits

Manifesto

In the end, however, what comes through most is that Mr. Callaghan's period as leader has made very little difference to the Labour Movement. He may have been a good Prime Minister, but he has not changed the party. The Bourbons of the movement remain rooted in the sterile past. Britain still has no Social Democrat party. The election manifesto, when it comes, may be better, but it will have to be read against the *Eighties*.

Diversity and
independence

THE POWER of television and radio can be considerable. Some would say that broadcasting has more potential power than the Press. But access to broadcast programmes is necessarily more limited than access to newspapers because, in the present state of the technology, the number of television channels and radio frequencies on which different programmes can be broadcast simultaneously is limited. In the early days of the new medium, the public interest may well have been served by the concept of public service broadcasting developed by John Reith, the BBC's first director-general. But those days have gone. The BBC's monopoly was broken a generation ago.

Opportunities

Since then the safeguard for the public interest has been in the promotion of competition in giving viewers and listeners a choice of sources of editorial judgment and in giving broadcasters, writers and programme producers a choice of employment. The answer to those who fear the power of broadcasting lies in the encouragement of diversity, rather than in the recreation of a single, all-powerful monopoly, just as it is the answer to those who are concerned with the power of newspapers.

It is or soon will be technically possible to provide a fourth television channel and two local radio services (in addition to the existing BBC national radio services) over much of the country. By the mid-1980s, two more 625-line television channels could be made available by re-engineering the present VHF channels. Later still, there could be five further national channels provided by satellite and even more by cable, while the number of radio services could be doubled if the public were prepared to buy and use VHF radio sets.

How fast we would want to take advantage of these opportunities would be mainly a matter of judging the balance between the benefits of greater diversity and the availability of resources, finance, and especially human talent and experience. It could also depend upon the pace of technological change in such areas as the transmission

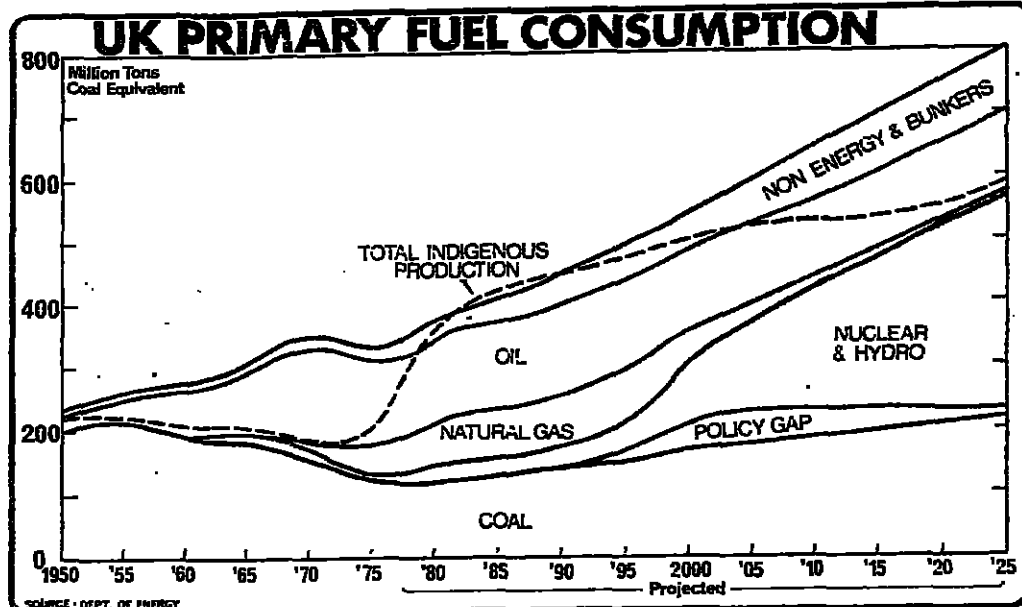
Real risk

Even more dangerous are the White Paper's proposals for the appointment by the Home Secretary of subsidiary boards to run the BBC's television, radio, and external services. The BBC may be monolithic and bureaucratic, but this would make the situation far worse as well as raise a real risk of political intervention in programme making. The right answer must be to maintain the dual role of the BBC governors, as trustees for the public and as the programme makers' protector against outside interference, and to encourage greater managerial decentralisation. Editorial independence must be protected against encroachment by politicians.

Wedgwood Benn
digs in for coal

BY JOHN LLOYD

SIR DEREK EZRA made encounters of the unfruitful kind with the European Commission. In May, a meeting of the EEC Energy Ministers considered a series of measures his annual figures earlier this week. The report referred to optimistic heading of a European energy policy. A proposal to use £200m of Community funds to subsidise the sale of EEC-produced coal to power stations was on the agenda, largely through the UK's initiative though with the backing of the Germans, who are the second largest producer. But the plan foundered because an attempt was made to link it with French and Italian demands for aid in the closure of excess oil refinery capacity. For Mr. Wedgwood Benn, that was far too high a price to pay for a coal subsidy, largely because control over refinery "throughputs" by the government is essential, in his view, as a lever in negotiations with the oil companies which are working in the North Sea. In retrospect, Mr. Wedgwood Benn thinks that he pushed the



The Department of Energy's projection for primary fuels consumption in the UK: the non-energy and bunker category relates to petrochemicals industry processing and usage by shipping.

coal plan too late: "We went along in March of last year with the extension of the coking coal arrangements which benefited the German steel industry and mining industry. We went along with the Euratom loan which was very helpful to the French and the Italians. We pushed the case for coal, as a prime steam coal producer. I was persuaded that even though we didn't get coal at that time we were sensible to help in areas which benefited our neighbours. Looking back on that now, it would have been better if coal had been made part of the package long before refineries came up."

Agreement at the May meeting was made more difficult by a demand from the Germans for coal in broad support of the UK—that subsidies on its coking coal should be extended. It became clear that the cost to the UK of helping the Germans

introduce some real figures into this was developing as a perspective within the Department, the CEBG was planning its future. Its corporate plan, released to the Press last month, made it clear that it thought it would burn between 65m and 75m tonnes of oil in the mid-1980s, as against an NCB target of over 80m tonnes—the latter target echoed in the Green Paper on Energy published earlier this year. The CEBG also said that if domestic coal went up in price, it would buy from abroad.

This was a direct challenge, not just to the Government, but also to the Government. Sir Derek Ezra, writing to Mr. Glyn England, he CEBG chairman, asking for a meeting. Two weeks ago, the first of what will be a series of meetings between Sir Derek, Mr. England and Mr. Wedgwood Benn, were held to discuss ways in which the CEBG

German £2.74 aid per tonne — compared with the UK's 31p aid per tonne.

The CEBG has already suffered one major setback to its oil-firing plans. Some weeks ago — quite unnoticed — Mr. Benn turned down the CEBG's application to build Inskip Point, which was to have been an oil-fired power station near Plymouth. The CEBG is now considering two alternatives: bringing in power from the National Grid or building a nuclear station west of Exeter. A confirmed station is thought to be out of the question: it would not be economic to bring it in.

Mr. Benn justifies his decision on Inskip Point by referring to past mistakes: "Due to our pursuing this cheap oil policy just before 1973, a whole host of oil-fired stations — Juce, Isle of Grain, Inverkip, Peterhead — were approved, and the result is that we are going to have a lot of oil-fired stations built on the basis that it is the duty of the CEBG to go for the cheapest fuel, now regardless of what long-term forecasts are going to be. We do have to pay heed to our own forecasts which suggest that the price of oil in real terms will be twice what it was before the end of Inskip Point so that one would be building in high cost from the outset."

It is an obvious point that the price of oil means nothing in itself but is meaningful only when related to the coal price. This is the heart of the matter: and it is clear that the CEBG must be forced off the oil route if coal is to stand a chance of gaining larger markets. Already, the Board's corporate plan makes it clear that the oil burn will increase from around 10m tonnes now to around 30m tonnes in the mid-eighties: in this year alone, coal burn has declined by three per cent while oil burn has risen 20 per cent because its price has been so favourable.

Thus for the CEBG — and for Mr. Wedgwood Benn — the implications are broader than a mere temporary, or perhaps not so temporary, subsidy on coal. Mr. Benn thinks that the CEBG fields far too much power: he

MEN AND MATTERS

Word perfect
in Wales

In recent years there has been much agitation for firms to use more Welsh in their operations in Wales. Urgings by successive governments have led to all the nationalised industries, the BBC, and other public bodies, producing letter-heads, reports and the like in both English and Welsh. But private companies have been slow to respond.

Massey-Ferguson has now stolen a lead by producing a leaflet for its MF 50B tractor-digger-loader in Welsh, translated as *Llywyrth/Tylwr*. Welsh is not a language that lends itself easily to modern industry so it is possible — just to identify one of the machine's main features: Diesel Perkins 44 cylinder yn cynhyrchu 69 BHP wrth y dy-wheol.

The North Wales agent, Heron Tractors, of St. Asaph, is delighted with the leaflet, of which 1,000 have been printed. "Many of our buyers are Welsh



"I wasn't worried about NATO until I knew it was a TGV finger on the nuclear button."

and there is a lot of pressure around here for a much wider use of Welsh," said a company spokesman (in English). But down in the south, in Cymbran, Kelland (Plant Sales) Ltd. was surprised by my news. It did not know of the existence of the leaflet, but would immediately telephone the Coventry headquarters of Massey-Ferguson to get a few, said the company spokesman (Welsh, but English speaking).

I also spoke to Coventry. What would happen if someone wrote in Welsh demanding to know more about "Echel o baearn sydd iddo gyda breec purnid disc mewn oel"? "Oh, we have one or two Welshmen here who can speak their own language," said a spokesman firmly.

Hat tricks

Thirteen Japanese MPs will be given pottery dolls wearing straw boaters when they go to Luton today. This somewhat odd gesture by the civic fathers merely adds a further touch of mystery to the whole visit. Wild local rumours that the Japanese were coming to buy up the Chrysler truck division in nearby Dunstable are now discounted. A spokesman at the town hall said yesterday that Luton was the one place in Britain the MPs were visiting — on a world tour to study housing and cultural facilities. "Of course, they picked us because Luton is the most progressive town in the country," he added rhetorically.

The straw-hatted dolls are explained by Luton's undoubted pre-eminence in making this music hall headgear (pope Eton and sundry rowing clubs). But if the Japanese are so enthusiastic that they start buying full-size boaters, it will be rather like taking dolls to Newcastle. The firm — K. R. Snoxell —

that makes the dolls' headgear, shapes its boaters out of straw "hoods" imported from Taiwan.

Last bounce

Businessmen in Zambia are wary these days about which ministries they deal with — because government cheques have been bouncing. It is a new way of controlling the country's inflation, explains the Finance Minister, John Mwanakatwe. When a ministry overspends its allocation of funds, the Bank of Zambia simply refuses to honour the cheque.

Last year the Zambian budget estimates were exceeded by 10 per cent, which compounded the country's economic woes. So ministries are now functioning on quarterly allocations: one of the IMF's conditions for a \$390m credit in March was sharply reduced domestic borrowing.

At the end of the June quarter, some hard-pressed ministries began issuing cheques on the expectation of funds in the next quarter. The Bank of Zambia refused to oblige and the payees had to sit and wait.

Diplomats in Zambia are startled by the resolve of Mwanakatwe and the Bank of Zambia governor, Luke Mwanashiku — especially since there are general and presidential elections due in a few months.

Acting up

Yesterday's White Paper on the future of broadcasting proposes more local radio stations, both commercial and BBC. But the one station not spreading these tidings yesterday was LBC, the hub of Independent Radio News. Since last Saturday, the IRN journalists have been taking industrial action — holding continuous union meetings. LBC

has been reduced to putting out music, with no reference to its claims that "news comes first." The dispute is over claims for extra money for extra work — known in TV and radio circles as "acting up." The management refuses to talk to the journalists until they return to work, the journalists refuse to return to work until the management talks to them.

Meanwhile, stations all over Britain that rely on the IRN service have been cobbling up makeshift bulletins — including the good news about the expansion of the independents.

No cover up

West Germany's leading popular magazine, Stern, can go on printing nude beauties on its cover. This was the ruling yesterday by the Hamburg Superior Court, to which ten prominent women, among them actresses Inge Meysel and Erika Pluhar, the writer Luise Rinser and the psychoanalyst Margarete Mitscherlich, had taken Henri Nannen, Stern's editor-in-chief. A few weeks ago Stern had shown a couple engaged in what most observers felt was more than a joyride. Nannen, who had been on holiday, stopped production of the magazine on his return and changed the cover during the run.

But female protest was loud. The group of ten wanted Stern ordered to stop insulting them by showing women on its covers "as mere sexual objects, thus creating the impression that woman was at man's disposal and could be dominated at will."

The court accepted the "justified request" of the claimants; but it found that they could not speak in the name of all women. It also adjudged it a matter of personal taste whether somebody considered a woman to be a sexual object in a cover picture.

Observer

COWES
-and the
D.I.Y.
CRUISER

This month's Yachting World contains, in addition to a preview of the world's most colourful regatta, an account of how a Waarschip 570 cruiser is taking shape in a Swanage back garden! It's Part 1 of a stage-by-stage description. Also in the liveliest of holiday issues: full details of our big-prize photo contest, with free entry forms; a refreshingly different look at Greece — its small but thriving racing fleet and traditional repair yard where they (quite literally) work like Trojans; and the latest on four major racing events — the British Level Rating Championships, the Orion Patch, Three-Quarter Ton Cup and Round the Island. Plus, of course, pages of boats for sale.

All in the August

Yachting
World

55p Out now



The silly nonsense of dividend control

THERE is any economist of my school of thought who regards rising dividends as a source of inflation, he has been remarkably silent. If there is any serious social reformer who believes that dividend control is a good method of redistributing the national income in favour of the poor, he too has been remarkably silent.

The case for dividend control is a different one. It is one argued by superior people who believe that trade unionists are so ignorant to understand the ruth and need, to be bribed by dividend control if they are to exercise wage restraint—even though that bribe is worthless and even harmful to the supposed beneficiaries.

No one political party has a monopoly of insulting behaviour towards the intelligence of its citizens. The present apparatus of dividend (and price) control as initially introduced by the Conservative Government in 1972 and it is this legislation which Mr. Callaghan is now seeking to renew.

The extraordinary thing is the stagnation that has taken place in public policy over the years. Sir Harold Wilson was originally opposed to dividend controls because they would "ossify" the structure of the economy. In the early days of my policy under Mr. Maudling and Lord George-Brown, all the policy documents and Budget speeches emphasised that income from investment needed to be controlled in a different way from wages (over a business cycle) company taxation would be increased so that workers did not lose from wage restraint.

The argument was that, in a

healthy economy, profits—and therefore dividends—of different companies would grow at very different rates and a uniform limit was entirely unsuitable. Far preferable was an overall control of the profit total within which companies would compete for relative shares.

In fact even this overall control proved unnecessary. The share of gross trading profits (after deducting stock appreciation) in total final output fell from about 13 per cent in 1966 and then plunged to 4.5 per cent in 1976. So far from worrying about a profits explosion Ministers and officials have been desperately concerned with the low profitability of British industry.

Squeeze

Nor have changes in distribution policy enabled investors to escape the profits squeeze. Equity income, adjusted for inflation, has according to the de Zoete index fallen by 50 per cent from its peak in 1966 and is now no higher than in the early 1950s. Share prices have fallen even more severely in real terms. Even after their recovery from the 1974 slump, they are still 65 per cent below their previous peak.

But policy has developed in complete disregard of the evidence. Dividend ceilings were instituted in 1966-69 and again from 1972 onwards. This happened despite the introduction of price controls in the latter year and despite Mr. Healey's raising of the top tax rate on investment income to 98 per cent in 1974. This is a policy of belt, braces, suspenders and zip-fasteners, all together.

Who are the shareholders who have to be squeezed at all costs? The share of individuals in the ownership of quoted companies fell from 59 per cent in 1963 to 37 per cent in 1975 and has since certainly fallen further. Pension funds and insurance companies in 1975 held some 33 per cent of the total. Investment and unit trusts held 10 per cent; and the remainder were held by the public sector, industrial companies, charities and overseas holders.

There were in 1973-74 some 2.1m individual stock and share-holders amounting to 9 per cent of all taxpayers. About four-fifths of the total of dividends and taxed interest went to people earning above £2,000, which was then just above the median income for taxpayers generally. The effect of tax was to bring down the average net dividend income of shareholders in the top category (incomes above £20,000) from £11,884 to £2,385. This reduction was achieved long before the top marginal rate on investment income reached 98 per cent—thus underlining that a separate control on distribution is unnecessary. The difference between dividend restraint and the tax weapon is that the former tends to freeze the relative share of different companies, while the latter does not.

The Diamond Commission pointed out that between 1963 and 1973 pre-tax dividends received by persons grew in money terms at an average rate of about one third as fast as earned incomes. In real terms dividends declined by 20 per cent over the decade.

The Diamond Commission Report of 1975 went out of its way to emphasise the distortions

imposed by dividend control. Again and again it stressed the role of dividends in raising equity finance and the importance of equity finance as a basis for other forms of finance. Indeed retained profits were seen as a postponement of dividend payments.

Although new issues

of savings for equity investment will be maintained.

The Diamond Commission had difficulty in making up its mind whether recycled funds—i.e. sums paid out in dividends and then reinvested—resulted in more profitable investment than pure retentions. In the end it concluded that "companies which are efficient will use funds efficiently whatever their source." But it added that this conclusion rests on the assumption that "the decision to distribute is made solely for commercial considerations."

A great deal is made in official apologies of the possibility of gaining permission to raise dividends when this is necessary to facilitate a rights issue. This does not remove all deterrents, as the attractiveness of an issue—and therefore its cost to the company—depends directly on the future dividend prospect. In any case the con-

dition could well be different if companies were compelled by external constraints to retain funds which left to their own judgment, the would have distributed.

In other words companies which have been forced to retain funds against their will will be tempted to look for in-

cession is irrelevant to a company with the opposite problem of sitting on a mountain of cash.

The Treasury's own assessment given to the Wilson Committee on June 9, 1977, was that "even with the rights issue relaxation, there can be little doubt that dividend control has tended to distort the equity market, making it less attractive to private investors, and has thus to some extent increased the cost of raising new capital."

One aspect of the corporate crisis of 1974 was the drying up of the new issue market, and the threat of severe overgearing, as companies became alarmingly dependent on bank finance. Following Mr. Healey's raising of the limit on dividend increase from 5 per cent to 12 per cent in 1974 (and other measures to revive the equity market) industrial and commercial companies raised a record £1bn in new issues of Ordinary shares in 1975.

In that year the dividend limit was put back to 10 per cent as part of the new pay policy. By 1977 new issues were down to just over £700m and accounted for 3.9 per cent of corporate funds compared with 8.1 per cent in 1975. The latest concessions relating to cover and profits growth are of a limited kind. According to Phillips and Drew only 30 per cent of quoted companies will be able to raise their dividends as a result.

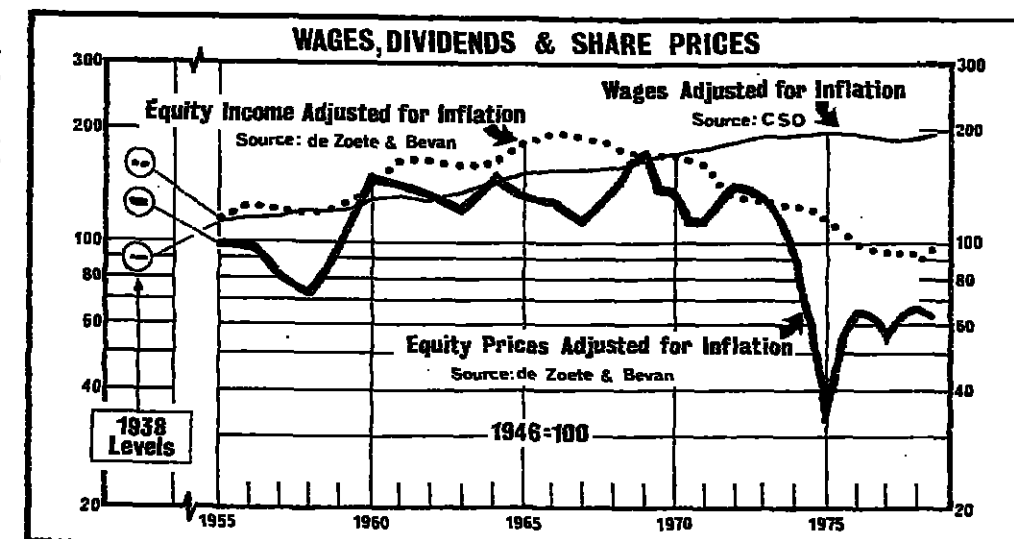
How much damage dividend controls do is difficult to judge. It is one of a long list of policies tending to ossify the existing industrial structure and inhibit new developments. Of course, some people with financial know-how may to some extent get round dividend controls as they

can get round 83 per cent marginal taxes on earned income or the constrictions of a uniform pay norm. But all these avoidance techniques impose a cost—above all in talent which could be used more productively.

For whose benefit is all this done? It is extraordinarily difficult to meet anyone who in private conversation really wants dividend control. It is always "trade unionists," "members" or "public opinion." A thoroughgoing opponent of private capitalism could argue in favour of turning over the equity to the state or to the workers themselves. But to maintain a substantial privately owned sector and prevent its proper functioning is the kind of stupidity into which otherwise sensible people are led by the obsession with pay controls.

The tragedy is that the Prime Minister has become so personally and passionately convinced that the future of this country depends on a permanent incomes policy that he is prepared to accept other policies he knows to be damaging—if he thinks that there is a 0.1 per cent chance that they will help the climate for pay controls. Although no doubt Mr. Callaghan hopes that the general appeal of pay restraint will help him in the election, he is prepared to take electoral risks by going for a specific norm which may turn out to be not all that popular. What a pity it is that this very genuine patriotism could not be put to a better cause. He does not lack advice on the very limited and temporary role of incomes policy: if only he would turn to it.

Samuel Brittan



Letters to the Editor

Textile pay

from the General Secretary, National Union of Dyers, Leathers and Textile Workers
Sir—At a meeting of the National Association of Unions, the whole philosophy of the pay policy was rejected unanimously, especially bearing in mind the attitude towards special cases. The Government was already aware of the problems facing the textile industry, indeed the NEDO Industrial Strategy Report laid emphasis on the poor wages prevailing in the industry (13.15 per cent below national manufacturing average). The association was concerned that on each occasion during the pay policy period claims put forward were anomalies had been completely rejected arguing that textiles could not be considered special cases.

The National Union of Dyers, Leathers and Textile Workers is totally opposed to the continuance of any form of pay policy. We approach the economic problems facing the country and do not wish to turn the clock back towards rapid inflation but it appears to us that the policies designed to reduce inflation and protect the low paid workers have not worked one way that is reduce inflation.

Regarding the political arguments on differentials, we agree in a general basis that incentive must be there to encourage workers to accept responsibility. This criteria should not however be used in isolation that is for certain sections of the community at the expense of members of unions like ours representing workers receiving wages a great deal less than average wages for manufacturing industry.

I suggest that the learned gentlemen who advance these policies should rectify the situation by introducing a national minimum wage which should be a excess of the subsistence level thereby getting rid of the poverty trap or, indeed, practice what they preach—tighten their belts and even if they consider it not possible to live off wages similar to the ones being received by our members at least they would sit back on the pay policy period and be satisfied that at least they are living comfortable off the wages prevailing.

Perhaps they could explain to us how I convince my members that while other individuals in the community have wages increases between £2,000 to £12,000 per annum why they could accept 5 per cent of a wage which is already in the poverty trap.

F. Dyson,
National House,
Sunbridge Road, Bradford.

Microelectronic chip engineering

From Mr. R. Toeman
Sir—The Department of Industry is reported (July 22) to be taking steps to fund a "British" effort in very large scale integrated circuits, currently defined as 64K RAM chips. Since GEC, Plessey, STC, etc. appear to have no effective even a united effort to solve the problem of modern UK telephone systems, the Government seems now to be interested in starting from square one, with one Briton and two U.S. chip experts.

What is obvious in this kite flying is that no "all-Britain" company exists with global marketing organisation, experience, and technical ability remotely like the capability of the handful of firms existing in the field. These are of U.S., Japanese and Dutch

origin. To work in this difficult field requires a track record of worldwide success in a well established industry. With no understanding of the world market the Government could be doing another Copeland; spending, say £1bn of taxpayers' money for a product that has no secure basis commercially.

The Government, National Enterprise Board, etc. have been talking for months while Japanese, Dutch and U.S. companies have been forging ahead for years. The issue of who will win in this enormously complex field is almost settled. Judging by past effort Government has all the time in the world while opportunity comes and vanishes.

The semiconductor business is the fastest moving industry that exists anywhere. Development and research on a colossal scale, unknown to those outside the industry, are continuous. We have in this country two companies with world wide capability in marketing, in R and D, preproduction, mass production; Phillips and Texas Instruments. They have a first class record of success, of commercial and technical capability, provide employment for thousands of Britons; they stand well in the world league. The Government, according to the Financial Times, seems to take its cue from Mackintosh Consultants. What successful product makes this firm worthy of acting as Government agent? Can the Minister at the Department of Industry name such products? Current information points to ivory tower philosophy; as always this can only end in missing yet another opportunity and squandering taxpayers' money.

No companies other than those mentioned are worth considering. Is the Government cold shouldering them? Could this be yet another case of the parochialism of our country? No saviour faire? The rhetoric of the "all British" chip gives me a feeling of listening to barber shop trivia. R. Toeman,
21, Abondale Avenue,
Hazel Grove, Stockport.

Liability for products

From Mr. A. McMillan
Sir—Surely Mr. Tye (July 10) is not suggesting that "product loss control" however superbly exercised, would have prevented the American lady from using her micro-wave oven to dry her dog and then ensured that she would lose her case when claiming the liability of the manufacturer.

I can assure him that extreme care is exercised in most manufacturing companies and product liability is uppermost in most responsible companies' thoughts, but the American scene he depicts as about to pick up our industrial system between thumb and forefinger and quietly squeeze it" is hardly included as normal and acceptable product liability.

What insurance company would offer you cover to meet such ridiculous claims? A risk can be insured if it can be defined and quantified, but otherwise not.

Why don't we bend our efforts to ensure that the laws of the land are sensibly drawn, instead of trying to cope with idiotic distortions of the truth of liability?

A. J. McMillan,
Robur, Spring Meadow,
Playford, Ipswich.

Insider dealing

From Mr. S. Pennington
Sir—If, intending to sell a shareholding, I acquire information not generally available which causes me to change my mind, do

I become an insider non-dealer and how will legislation cover such a situation? Who will know but myself? How is it to be decided that the information in any event is such as would materially affect the market price of shares, when in many cases the market price is based on hope or rumour? There are many examples of higher disclosed profits resulting in a fall in market prices and vice versa. S. W. Pennington,
158, Fenchurch Street, EC3.

Saving energy

From Mr. J. Miller
Sir—The President of France urges America to cut its imports of oil. This could be achieved if waste could be avoided in heat insulating public and private buildings.

The U.K. as well as the U.S., France and all the free world, urgently need to reduce their consumption of energy for the heating and cooling of buildings. All, repeat all, buildings, public and private, must have double glazed windows and roofs insulated on the inside with a thickness of insulation at least double that regarded as necessary by any expert.

The present heat loss could be substantially lowered, resulting in a massive reduction in energy consumption and power station loads—also in the number of unemployed, who could be used for a crash programme to carry out the work. J. H. Miller,
49, Avenue Hector Otto,
Monaco.

Don't shoot the pianist

From Mr. R. G. Humphreys
Sir—I find myself in considerable agreement with James Morrell's letter (July 14) about forecasts with its apposite caption: "Don't shoot the pianist."

And the recent problems with the Treasury's forecast of unemployment and those of other departments lie in the same difficulty. Mr. Morrell refers to the forecast putting the odds on the different possible scenarios; also to the difficulties of correctly determining the trend in inconsistent past data. The difficulty is that most forecasts are presented with figures which are deceptive to the layman, so that the pianist unnecessarily draws fire upon himself.

Can I offer a suggestion, at least for putting into operation on a trial basis, which may help the forecasters and their readers. It is to preface each forecast with a note on the following lines:

"This forecast shows the most likely trend, in our view, resulting from historical trends and changes of policy before (date). The chances of the actual result being exactly the same as the forecast are virtually nil; the result is about equally likely to fall below or above the forecast, unless otherwise stated in the notes. The lower limit (above which we believe the result is virtually certain to fall) and the upper limit (below which, etc.) are also indicated in the notes."

Which will help to cover the statistical problem. There is one more note to add:

"This forecast does not take into account any changes of trend caused by decisions made as a result of reading it (this forecast). If action is taken, the forecast is no longer valid."

Which will help to stop time wasting arguments after the

Pensions and inflation

From Mr. R. Bankes-Jones
Sir—Mr. Rutherford (July 7) visualised that nationalised industries could fall back on funded to pay as you go indexed pensions because (unlike in the private sector) they could be underwritten by the taxpayer. Mr. Townsend (July 21) very properly rounds on this with a volley of cogent commonsense, to the effect that public money should be used for maintaining the real value of public and private sector pensions equally, not public sector pensions only.

By way of criticism, he does not make the point that public and private sector pension increases could be on an equal basis but less than indexed basis, or that short of recourse to the taxpayer for maintenance of nationalised industry pensions, it is still the consumer, as costumer of retirement, who foots the bill; or that additional component state pension (or equivalent) will gradually index all pensions up to a modest limit. Nor does he encompass the possibility that it may be better to have a public and private sector pensions equally, not public sector pensions only.

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Delays in the mail

From the managing director Cass Electronics
Sir—An analysis of our postal delivery this morning (July 25) shows that only 63 per cent of the first class letters arrived on the day after posting; 37 per cent took four days.

The performance of second class mail was even worse: 9 per cent of the letters received took one week, 28 per cent—six days, 9 per cent—five days and 43 per cent took four days. This deterioration in postal services is of great concern to us as a company, especially as we pride ourselves on answering correspondence on the day received. E. V. Cass,
Crabtree Road, Thorpe, Surrey.

Unconditional discussion

From Mr. G. Fokschaner
Sir—In your leading article on Middle East intransigence (July 21) your views reflect a point of view which seems to have ignored one basic consideration.

Israel would like to continue the discussions, without preconditions and it is only by means of an unconditional discussion that serious progress can be made in this particularly difficult stage of a negotiated peace agreement.

To ask for concrete territorial concessions as a pre-condition to the continuation of the talks themselves puts a question mark on the declared sincerity of Egypt's intentions in this matter. G. Fokschaner,
2, London Wall Buildings,
EC2.

Referendum in London

From the Member of Greater London Council for Hendon North
Sir—Your feature on the dispute over the 1984 Olympics (July 22) referred to the possibility of London hosting the 1988 games. A feasibility study is to be carried out by Sir Maib Croft. When he has completed his work, would it not be a good idea to ask Londoners as a whole through a referendum whether they wish to hold the 1988 Games in London or not? Bryan Cassidy,
County Hall, SE1.

Today's Events

Labour Party home policy committee meets.
British Airways annual report.
Electricity Council and Central Electricity Generating Board annual reports.
Railway Staff National Tribunal hearing on business performance plan, Connaught Rooms, WC2.
PARLIAMENTARY BUSINESS
House of Commons: Proceedings on Dividends Control Bill.
House of Lords: Scotland and Wales Bills, consideration of Commons reasons for rejecting Lords reasons. Debate on oil pollution. Motion to approve Shipbuilding (Redundancy Payments Scheme) (Great Britain) Order 1978.

COMPANY MEETINGS
Ambrose Investment Trust, Institute of Chartered Accountants, EC, 12.30. Bechwood Construction, Swansea, 12. British Steam Specialities, Leicester, 12. Castry, Eastbourne, 2. Carlton Industries, Bristol, 12.30. Comber, Bristol, 12. Cohen (A.), 8, Waterloo Place, SW, 12. Exchange Telegraph, Briel House, EC, 12. Leigh Interests, Edgbaston, Birmingham, 12. Lyons (J.), Cumberland Hotel, W, 10.30. Prys, 100, Old Broad Street, EC, 11. Press (Wm.), 11, on the Park, W, 11.30. Sanagers, Connaught Rooms, WC, 12. Sheepbridge Engineering, Grosvenor House, W, 12.30. Wheway Watson, Glasgow, 12.15.

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COMPANY NEWS

Rediffusion changes auditors despite some opposition

BY JAMES BARTHOLOMEW

THE MEMBERS of Rediffusion voted overwhelmingly to change auditors at the AGM yesterday despite vocal opposition from Mr. Jack Clayton, a former director, and Mr. Shiner, a representative of the Post Office Pension Fund. Mr. Clayton alleged that the change was "wrong in principle" and that he had previously had "experiences of the subordination of the interests of Rediffusion to those of British Electric Traction."

B.E.T. owns 57.96 per cent of Rediffusion.

The motion before the meeting was to appoint Deloitte, Haskins and Sells as auditors of the company in place of the existing joint auditors, Binder Hamlyn and Fryer Whitehill. Deloitte is the auditor to the parent company B.E.T.

The Board unanimously recommended the resolution on the grounds that it would simplify the audit. The chairman, Sir John Willis, said that effort and money was currently being wasted since the joint auditors had to check on the work done by other auditors who were responsible for certain subsidiary companies.

Mr. Clayton accepted the validity of this argument but suggested that the local conclusion was that the present auditors should continue in office and additionally take on the audit of those subsidiaries.

Sir John's view, as expressed in a joint statement in the annual report, was that "if there were to be a change to a single firm, it seemed to your Board sensible to ask shareholders to invite Deloitte Haskins and Sells to undertake the task. As auditors of Rediffusion's parent company, B.E.T., Deloitte, Haskins and Sells already have to review the Rediffusion audit."

Mr. Clayton, in the course of a long speech, said that he believed that the change of auditors went back to a qualification of the



Sir John Willis—effort and money being wasted.

accounts of a subsidiary. Second Premier, back in 1966, Mr. Clayton said, "Mr. Fryer, I believe, was never forgiven for his qualification." The late Mr. Fryer was a partner of one of the joint auditors, Fryer, Whitehill.

This claim was denied by Sir John later yesterday. He said it was "absolute twaddle" and that the incident had happened years ago.

Mr. Clayton described two occasions on which he alleged that Rediffusion's interests were subordinated to those of B.E.T. In one case he alleged that Sir John had capitulated to an attack on Rediffusion partly because the attack might be switched to

Secondly he alleged that Sir John, who is chairman of both B.E.T. and Rediffusion, had secured 50 per cent of Associated Rediffusion for B.E.T. "to the detriment of Rediffusion."

Sir John said later yesterday that it was "absolutely untrue" that he had at any time subordinated the interests of Rediffusion to those of B.E.T.

Sir John did not comment on a suggestion by Mr. Clayton that B.E.T. should like the offer to buy out the minority shareholders of Rediffusion.

Mr. Shiner of the Post Office Pension Fund asked several detailed questions about the accounts and requested that one of the non-executive directors should expand on how the accounting would be simplified by the change of auditor.

Sir John answered the question himself, saying that it would be "unorthodox and perhaps improper" for a non-executive to reply. He said that the offer to buy out the minority shareholders was due to the fact that guidelines for auditors introduced some two years ago meant that one reputable firm of accountants could not take the work of another. This meant that parent company auditors had to check the work of auditors of subsidiaries.

The vote on changing auditors was passed on a show of hands with four opposing votes. Sir John said that the proxy votes, excluding the votes of B.E.T., were 93 per cent in favour of the change. He said that this showed the vast majority of shareholders, most of whom had business experience, were in favour of it. This figure of 93 per cent was exclusive of the votes of B.E.T. itself. But in any case he did not accept the suggestion that B.E.T. would have been morally obliged not to vote if the motion had gone to a poll.

The only asset remaining which is not required for the business in an office block in Manchester. The group is improving the marketability of this property and will dispose of it as soon as market conditions permit, the directors add.

Mr. P. J. Dodd, the managing director, anticipates that profits and reborn distributions for 1978 will show a substantial increase on the records achieved for 1977.

Stock Conversion expands £1.2m

WITH THE share of associate companies' taxable earnings up from £738,000 to £1,256,000, Conversion and Investment Trust lifted profit from £4.17m to £5.36m for the year to March 31, 1978.

Tax took £2.75m (£2,044m) leaving earnings per 25p share higher at 8.75p (7.11p) basic and 7.91p (6.47p) fully diluted. A net final dividend of 1.02175p takes the total to 9.77175p (8.13175p) which absorbs £202,000 (£200,000). There were extraordinary credits this time of £608,000 (debits £18,000).

	1977-78	1976-77
Revenue	5,360	4,380
Share of associates	1,256	738
Revenue before tax	5,360	4,380
Tax	2,750	2,044
Net income	2,610	2,336
Extraordinary credits	608	—
Dividends	2,002	1,736
Retained	2,610	1,336
Debits	180	—

See Lex

Gillett Bros. sharply down so far

The directors of Gillett Brothers Discount Company State that as a result of rising interest rates, discount market business has been unprofitable with the result that group profits, so far, are sharply down from the exceptional levels reached at this time last year.

They add that in the light of the prevailing economic uncertainties, no forecast can be made of results for the full year to January 31, 1979.

For the 1977-78 year group profit and transfer to contingencies was £1.01m (£0.47m).

The interim dividend is 6.7p (6.6p) net per share—last year's final payment was 5.35p.

Midterm progress by Leda Trust

After tax of £38,168 against £34,572, revenue of Leda Investment Trust advanced from £63,032 to £73,056 for the first six months of 1978. For all the previous year, the figure was £140,317.

Gross revenue at the half-year amounted to £138,273 (£124,534), which included a subsidiary's profit on dealing of £4,434 (£5,008).

Earnings per 20p income share are 1.47p (1.28p) and the interim dividend is stepped up from 0.99p to 1.139p net—last year's final was 1.782p.

At June 30, 1978, net asset value per 5p capital share, after allowing for conversion of the remaining convertible loan stock, is shown at 52.7p (42.3p).

After a two-year absence, the group is returning to dividends with an interim payment of 0.8p net. The last dividends totalled 2.088p in 1974-75.

Tax charge in the half year is £108,000 (nil). Attributable profit is £94,000 against a loss of £217,000 after minorities (£5,000), and an exceptional debit last time of £170,000. Retained profit amounts to £71,500.

The board states that the turnaround from the previous year's results has been mainly due to increased activity in the manufacturing units. However, the reorganisation of the activities in the Republic of Ireland and the amalgamation of the two wholly-owned wholesale subsidiaries in the north of England have also materially contributed to the half-year's figures.

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COALITE GROUP

Salient Points from Statement by Chairman,
Lord Ward of Willey, at
61st Annual General Meeting

* Notable Year in Group development,
particularly the acquisition of
Charringtons Industrial Holdings Ltd.

* Improved overall performance from
original activities and newly acquired
interests.

* Broader base established for continued
development.

* Group results include Charringtons
from acquisition date, 14th October
1977.

TURNOVER:	£168.3m
PRE-TAX PROFIT:	£16.3m
PROFIT AFTER TAX:	£8.5m
DIVIDENDS:	£2.0m
CAPITAL EMPLOYED:	£58.0m

Sharp increase in Schlesinger funds

FUNDS UNDER the management of the Schlesinger group of unit trusts rose sharply last year. Over a period when not sales of the industry as a whole were depressed by a very high level of repurchases, Schlesingers achieved net sales of authorised unit trusts of £13.7m, to increase the value of the authorised trusts under its management to £40.1m at the end of March. None of the rise in the 12 months to that date was attributable to the capital performance, which was depressed by the sluggishness of the American market.

By the end of June this year, the value of funds invested in the group's authorised unit trusts had increased by a further £6m, bringing the total value of unitised funds under management (including the £10m invested through the offshore funds) to £50m. In 1974 they were only £4m. Schlesingers attributes this extremely rapid rate of growth to the range of services which it offers to its clients; but these, in turn, have prompted suspicions amongst the group's competitors that it was taking losses while it built up its business. Schlesingers' directors, however, insist that the management of its unit trusts—thanks in part to a high average unitholding, and in part to the rate at which new business has been coming in—is profitable; and profits of the Investment Management Services group as a whole, though unquantified, are said to have been into six figures last year.

Manchester Garages

ON SALES well ahead from £5.7m to £8m pre-tax profits of Manchester Garages, Ford main

dealer, expanded from £204,257 to £330,745 for the first half of 1978. Profit for the whole of 1977 was a record £464,100.

As known, Manchester and its B. counterparty Oliver Rix is merging into a new company with forecast figures of some £40m turnover and profits of not less than £1m.

In the event of the merger becoming unconditional directors of Manchester announce an interim dividend of 0.4448p (0.4235p) net per 10p share. But the payment will be left in abeyance until the result of the deal is known. Final payment last year was 0.565p.

Commenting on first-half figures, directors say the truck dealership at Gorton Lane is now making a substantial contribution to group's profits, and should continue to improve, thereby justifying the substantial capital investment.

The property at Woodford has been disposed of at a price above book value, and Carefree Car Hire continues to contribute to profits. And it is expanding rapidly with the increased interest which is currently being shown in leasing transactions.

The directors are confident that the full year will show a substantial advance in sales.

Sales ahead at Remploy

Record sales levels are reported by Remploy with the figure for the first 12 weeks of the current year ahead by 21.97 per cent to £9.6m.

The increase was split as to: leather and textile product 44.4 per cent, furniture 13.54 per cent and packaging and assembly 16.14 per cent.

Apart from uranium, Denison's latest good results reflect the sale of an interest in a coal property and higher revenue from oil and gas. Looking ahead the chairman, Mr. Stephen Roman, says that the most significant event this year was the Canadian Government's approval of a long-term uranium contract with Ontario Hydro which assures Denison of a high level of production to the year 2011.

MINING NEWS

Cominco hit by zinc weakness

BY KENNETH MARSTON, MINING EDITOR

IN THE LATEST half-year results issued by the transatlantic natural resource companies, Canada's Cominco has turned in net earnings of \$226.1m (£22m) compared with \$275.8m in the first half of 1977. A major adverse factor in the latest results was, of course, the weakness of markets for zinc.

Cominco says that its zinc operations have been reduced in order to control the level of stocks, but no details of the cutbacks have been disclosed. However, the past half-year has seen a continued strong demand for lead and lead concentrate.

The weakness of zinc prices has also hit Cominco's Pine Point Mines which produces zinc and lead in Canada's Northwest Territories. The latter's profits for the first half of this year have dropped 31 per cent to \$32.2m from \$48.3m a year ago.

Pine Point's president Mr. R. P. Douglas, says that recent levels and there are signs of a recovery in zinc with consumption and supply of the metal approaching a more balanced position following a declining trend in world zinc stocks.

Uranium producers, on the other hand, remain in a strong position. Canada's Denison Mines has earned a record first-half net profit of \$26.2m compared with only \$13.2m in the same period of last year. Latest earnings equal \$28.70 per share against \$22.90 per share.

Apart from uranium, Denison's latest good results reflect the sale of an interest in a coal property and higher revenue from oil and gas. Looking ahead the chairman, Mr. Stephen Roman, says that the most significant event this year was the Canadian Government's approval of a long-term uranium contract with Ontario Hydro which assures Denison of a high level of production to the year 2011.

Gold production was again higher last quarter at the Rio Tinto-Zinc group's Bougainville copper-gold mine in Papua New Guinea. A modest increase in the gold grade offset the effects of a lower tonnage of ore milled with the result that the quarter's gold output amounted to 5,978 kilograms.

This made a total for the half-year of 11,809 kgs compared with 9,831 kgs in the same period of 1977. Copper production was a little less last quarter at 46,586 tonnes but the six months' total issued by the transatlantic natural resource companies, Canada's Cominco has turned in net earnings of \$226.1m (£22m) compared with \$275.8m in the first half of 1977. A major adverse factor in the latest results was, of course, the weakness of markets for zinc.

Amax earnings recover in second quarter

THE EXPECTED recovery at Amax, the diversified U.S. minerals group, is reflected in high second-quarter net earnings of \$38.7m (£20.1m), equal to \$1.01 per share. In the first quarter, earnings dropped to \$16.2m, largely as a result of the U.S. coal strike.

The latest half-year total of \$54.9m is equivalent to \$1.33 per share. It compares with \$38.7m in the same period of 1977 when second-quarter earnings amounted to \$27.7m.

Mr. Pierre Gousseland, the Amax chairman, says that in the past quarter there was a continuing improvement in profits from molybdenum together with a "significant" recovery in iron ore and coal. The 1978 earnings include those of Canada Tungsten. These gains more than compensated for current weaknesses in nickel and base metal operations, he said and added that Amax anticipates a continued improvement in results for the half-year as compared with 1977.

Geevor has a good year

CORNWALL'S tin-producing Geevor is declaring a second interim dividend for the year to March 31 last of 2.29123p net which together with the interim of 2.415p paid before the three-for-one scrip issue is the maximum permissible distribution under existing legislation. Payment of a final dividend not exceeding 3.76875p will be considered once the position becomes clearer, it is stated.

Thanks to higher tin prices and increased production of tin concentrates Geevor's pre-tax profit for the past year has climbed to £1,008,593 from £606,272 in 1976-77. In the latest occasion, however, there is a charge of £306,420 for deferred taxation which is likely to be payable within three years. Geevor shares were 135p yesterday.

Bellair sees profit in second half

The directors of Bellair Cosmetics announce a reduced deficit of \$34,000 for the half-year to April 30, 1978, against \$59,000, on turnover up from \$9.93m to \$12.2m.

They say that while the increase in turnover has not been sufficient for the company to have traded profitably, they however, anticipate that the second half, which incorporates Christmas business, should result in profits being made.

Bellair has slipped from a £12,000 profit for 18 months in 1974-75 to £24,000 for the 18 months to the end of October 1976, and for the 1976-77 year the company incurred a loss of £239,000. Commenting on the results for 1977-78, directors believed that the current year would show a marked improvement in the company's performance.

As for the comparative six months there was no tax charge and no interim dividend—the last payment being a third interim of 1.09p for 1974-75.

Gillett Brothers Discount Company Limited

The Directors of Gillett Brothers Discount Co. Ltd. have declared an interim dividend payable on 25th August, 1978, of 6.7% on the £2,738,088 issued ordinary share capital (1977 6.6% on £2,046,066), both being equivalent with tax credit at the appropriate rate to a gross dividend of 10%.

As the result of rising interest rates discount market business has been unprofitable and therefore group profits are sharply down from the exceptional levels reached at this time last year. In the light of the prevailing economic uncertainties no forecast can be made of the final result for the year.

The company is not a close company under the Income and Corporation Taxes Act 1970.

E. AUSTIN & SONS

(LONDON) LIMITED

"Satisfactory increase in
turnover and profit"
reports Mr. D. J. R. Austin

*The improvement forecast at the interim stage was maintained, and turnover and profit before tax both increased to £4,449,000 and £404,973 respectively. The maximum permitted increase in dividend is recommended.

*The Materials Handling and Warehousing Division experienced a busy year with a continuing demand for our services. During the year we took on a distributorship for LINDE Fork Lift Trucks, which are made by the largest fork lift truck manufacturer in Europe.

*The Cleaning Materials Division successfully increased its sales at home and abroad.

*The Oil Division expanded its activities to meet increased demand and made a satisfactory contribution to Group profits.

E. AUSTIN & SONS (LONDON) LTD., STANSTED AIRBYS, WARE, HERTFORDSHIRE.
OLD FORD, LONDON E4, OSSETT & REDCAR (YORKS) AND DENBY (STIRLINGSHIRE)



AECI LIMITED

(Incorporated in the Republic of South Africa)

Directors: H. F. Oppenheimer (Chairman), Dr. A. Spinks C.B.E. (Deputy Chairman), Alternate: D. C. Ingram, D. N. Marvin (Managing Director), R. A. Webb (Deputy Managing Director), Sir Keith Acutt K.B.E., Alternate: Dr. M. G. M. Abner, S. A. G. Anderson, G. C. Fletcher M.C., R. Baelen, Alternate: Dr. P. J. P. Roberts, G. W. H. Rolly, E. J. Smith, W. R. Stephens, G. M. Thomas, J. Ogilvie Thompson, W. V. van der Byl, J. P. Wapenaar, W. H. Wisbart, D. J. Wood.

INTERIM REPORT FOR THE HALF YEAR ENDED 30th JUNE 1978

1. Trading results
The Directors announce the unaudited trading results of the Group for the six months ended 30th June 1978 as follows:—

Year	1977	1978
First half	First half	First half
R millions	R millions	R millions
590.2	275.9	Group sales
64.6	23.6	Net Income before taxation
9.9	7.5	Less: Taxation
54.7	16.1	Net Income
17.5	2.6	Less:
18.4	2.1	Tax savings arising from investment allowances transferred to non-distributable reserves
1.1	0.5	Attributable to: Preference shareholders and minority shareholders of subsidiaries
37.2	13.5	Attributable to AECI ordinary shareholders
25.1c	9.1c	Earnings per ordinary share
		143c

2. Dividends
Preference dividend No. 50 at the rate of 5.5 per cent per annum for the six months ended 31st June 1978 has been declared and paid.

The board has declared an interim ordinary dividend of 10 cents per share (1977—9 cents).

3. Comments
Group sales for the six months ended 30th June 1978 totalled R302.7 million an increase of 20.6 per cent over the corresponding period of 1977. Export sales included in the above totalled R225 million (1977—R17.8 million). Group Income before taxation for the half year at R40.1 million showed an increase of 68.9 per cent over the corresponding figure for 1977. Earnings per share increased from 9.1 cents to 15.2 cents.

The volume of local sales for the first half of 1978 exceeded that for the first half of 1977 by 11 per cent. Increases were achieved in all areas of operation the most noteworthy being in synthetic filament yarns where sales were more than 25 per cent higher.

The improved rate of profit reflects the substantial benefits which accrue from these volume increases on the Group's capital intensive plants, in particular the Bellville and Hammarville filament yarn plants, together with improved operating efficiencies on the Modderfontein Nitrogen complex.

All plants in the Coalplex joint venture of Sasolburg operated satisfactorily during the period and design performance has been achieved on most units. As previously indicated however local demand for the products from the complex is well below plant capacity. Substantial export orders have been secured but at depressed selling prices because of the large over capacity that exists worldwide. In accordance with AECI's normal accounting policy the plants were all treated as fully operational as from 1st April 1978 and depreciation charges of approximately R1 million per month started from that date.

Provided the improved level of economic activity experienced in the Republic in the first six months is sustained, profits for the second half year should be at least in line with those achieved in the first half year, notwithstanding the higher depreciation charge on Coalplex.

On behalf of the Board
H. F. OPPENHEIMER
D. N. MARVIN
Directors

Transfer Secretaries:
Consolidated Share Registrars Limited,
62 Marshall Street,
Johannesburg 2001
Republic of South Africa
and

Charter Consolidated Limited,
P.O. Box 102, Charter House,
Park Street, Ashford, Kent
TN24 8EQ, England
27th July 1978

Registered Office:
18th Floor, Office Tower,
Carlton Centre,
Johannesburg 2001
Republic of South Africa

Johnson Matthey 1977-78

- Good performance in difficult year
- Second highest profit ever
- Continued high level of investment
- Company reserves increased

Extracts from the report by Lord Robens
to the Annual General Meeting on 26th July 1978

Although the profit before tax for the 12 months ended 31st March was the second highest on record it was 10 per cent lower than the previous year. The two main reasons for the drop were that world trading conditions showed a marked downward trend in the second half of 1977 and that for part of the period we did not have the boost from the Silver Jubilee celebrations experienced in the previous year.

The first six months followed the pattern set in 1976 and showed a steady improvement in line with previous forecasts, but the changes in the economic situation were then already becoming evident, and in the second six months the trend was reversed. In these more difficult trading conditions... we sought to increase our market shares, to reduce expenses and to increase efficiency of operations.

The Refining and Chemicals group of companies and the Banking, Dealing and Trading group showed improvements in their results for the year compared with the previous year, but otherwise poorer trading results were fairly general, with Australia and parts of Europe, particularly Sweden, being the hardest hit.

Our group continues to grow and develop. With the large capital investment schedule we have in hand, and the support of a substantial research and development programme, we will be ready to take advantage in the future of any opportunities which arise from a general resurgence of business.

YEAR ENDED 31st MARCH 1978

Total sales (excluding JM Bankers)	£427,012 million
Exports*	£115,751 million
Group pre-tax profits	£18,865 million
Taxation	£9,844 million
Ordinary share dividend	13.6183 pence
Retained	£4,686 million

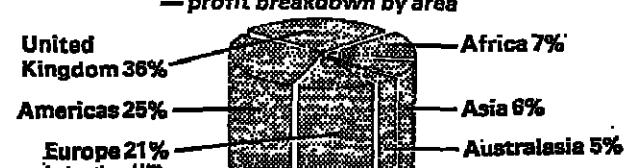
* Johnson Matthey is one of Britain's top 50 exporters

5 YEARS' COMPARISON OF RESULTS

	1978 £'000	1977 £'000	1976 £'000	1975 £'000	1974 £'000
Group Profit before tax	18,865	21,015	15,041	17,139	15,200
Group Profit after tax	9,021	10,489	7,314	8,578	7,231
Shareholders distribution	2,339	2,079	1,891	1,745	1,605
Retained	4,686	10,574	6,291	6,034	7,063
Capital employed	115,796	113,872	99,884	88,783	72,561

Copies of the Directors' Report and Statement of Accounts are available from the Company Secretary

WORLD WIDE ACTIVITIES — profit breakdown by area



Europe — Continued increase in market penetration. Expanded sales in Switzerland, Belgium and Eastern Europe.
Japan — Increased demand for jewellery platinum; growing profits from specialised products.
Americas — Good year for mechanical production; excellent results for autocatalyst operations.

We currently operate in twenty countries

PRODUCTS AND SERVICES

Notes on a selection from our range

Refining
Two major capital projects approved — modernisation of smelting works and expansion of autocatalyst manufacture

Platinum metals
Depressed during first half-year; growing demand since summer in some overseas markets

Chemical operations
Busy year for specialised chemicals; expanding autocatalyst sales and production in USA

Mechanical products
High demand from jewellers and silversmiths during first nine months; slow-down in last quarter

Colours and transfers
Increased demand from the ceramics industry; plastics depressed; high transfers sales overseas

Electronics
Bigger sales of new special equipment for television; promising start for new temperature sensors

Banking and dealing
High level of earnings; good year in foreign exchange; best year yet in general banking

KIRKPATRICK AWARD
for high technology in chemical engineering
One of the highlights of the year was the award to Johnson Matthey, with Davy Powergas Ltd. and Union Carbide Corporation, of the 1977 Kirkpatrick Chemical Engineering Achievement Award, widely regarded as the premier award in process technology. Our achievement in this field is an example of the many Johnson Matthey contributions to the development of the advanced technology that is so vital to the progress of the many industries we serve.



Johnson Matthey & Co., Limited

100 HIGH STREET, SOUTHGATE LONDON N14 6ET

SPEAR'S GAMES

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Food groups maintain earnings improvement

BY OUR OWN CORRESPONDENT

TWO LEADING U.S. food companies, General Foods and Nabisco, have maintained the earnings improvement which became apparent in the first quarter of this year.

Aided by falling coffee raw material prices, General Foods, which owns the Maxwell House brand name, has followed up a 21 per cent first quarter profits increase with a 12 per cent improvement in the second three months of the year. Sales rose by 7 per cent from \$1.26bn to \$1.35bn leading to a net profit figure of \$56.7m (\$1.14 a share) compared with \$50.7m (\$1.02 per share).

This is the first quarter of the company's financial year which should continue to benefit by a turnaround in its coffee business. General Foods first half profits

last year were cut by 35 cents a share because of an inventory write-down, but this year, green coffee costs have been falling and in the process improving the profit margin on General Foods' charge for the roasted product.

This was acknowledged by Mr. James Ferguson, General Foods' chairman and chief executive, who added that other segments of the business were continuing to meet expectations. Packaged convenience food earnings were "tempered somewhat" by additional advertising and marketing costs — General Foods spent \$300m on advertising in fiscal 1977.

Mr. Ferguson added that although there may be a wider than normal fluctuation in quarterly earnings because of some remaining instability in the world coffee market, the current financial year would show an

improvement over last year when earnings fell from the 1976 total of \$22.4m (70 cents per share).

Reported net earnings today of \$22.4m (70 cents per share) were distorted by gains and losses from discontinued operations and after adjusting for these, the company's second quarter net earnings would have been in the region of \$18.6m.

Nabisco's second quarter sales were \$615.9m compared with \$497m in the six month period net earnings were \$43.3m (\$1.25 per share) compared with \$25.8m (\$1 cents a share) including a \$249m loss from discontinued operations and a \$11.5m gain from the termination of an overseas sales subsidiary. Year sales in were \$1.63bn compared with \$996.4m. Nabisco predicted record sales and earnings for the full year which analysts are projecting at \$1.02m or \$3.20 per share.

Goodyear Tire more optimistic on outlook

AKRON, July 26.

GOODYEAR TIRE and Rubber has revised upward its outlook for the second half of 1978 and now looks forward to the next six months with increased optimism.

The company said it had expected a very respectable showing this year but it revised its outlook due to "no sign yet of a slackening in the second quarter's momentum."

No specific earnings forecast was made.

Earlier Goodyear, the largest tyre manufacturer in the U.S., had reported an increase in second quarter profits but lower half-year figures.

Net earnings for the second quarter totalled \$73.3m, or \$1.14 a share, compared with \$70.7m or 98 cents a share for the corresponding period of 1977. Sales totalled \$1.9bn against \$1.7bn.

For the half-year, net earnings amounted to \$109m or \$1.51 a share, against \$129.9m or \$1.80 a share previously. Sales were \$3.56bn against \$3.31bn. Foreign earnings for the six months were about \$23m — approximately the same as in 1977.

The company said the half-year earnings were hurt by the severe weather and coal strike of the first quarter. On the second quarter's results, these were stronger than earlier forecast with the truck, tyre, rubber and chemical and Goodyear aerospace units all putting up strong performances.

Reuter

U.S. Steel confirms recovery trend

BY JOHN WYLES

NEW YORK, July 26.

THE STRONG second-quarter recovery by many leading American steel producers was confirmed today when U.S. Steel Corporation reported a 53 per cent increase in net earnings over the same period last year.

Higher and firmer prices, increased production, and strong domestic demand have helped put U.S. steel, the industry leader, back into profit after a first-quarter loss of \$55.7m. The recovery trend was indicated yesterday when National Steel, numbers three in the industry, disclosed a 26 per cent increase in net profits. The performance of some of the country's smaller companies has, however, been patchier, with Republic Steel posting a modest 4 per cent increase in second-quarter earnings, Inland Steel 15 per cent and Wheeling Pittsburgh a hefty 218 per cent.

None of the companies is yet

satisfied with the extent of the recovery, and Mr. Edgar Speer, U.S. Steel's chairman, spoke for his industry colleagues when he said today that profits "must be further improved to keep our modern and efficient" facilities against his irritation at Government pressure to restrain steel price rises this year. Mr. Speer added that pressure from Washington at a time when markets are strong "is a deterrent to realizing the profits necessary for further productivity improvements."

Most steel companies have raised their list prices by close to 10 per cent this year, and the Administration is anxious that they should go no higher. The increases, coupled with less discounting, helped U.S. Steel raise second quarter sales by 11.5 per cent over last year to \$2.8bn and earnings from \$76.3m or 91 cents a share to \$117.3m or \$1.33 a share.

Shipments in the second quarter were about the same as a year ago at 5.4m tons, but with the company's plants running at close to 90 per cent capacity (the highest rate since 1974) raw steel production increased from 8.2m tons to 8.4m.

For the half year, U.S. Steel reported net earnings of \$58.8m or 68 cents a share on sales of \$5.37bn, compared with \$103.7m or \$1.24 a share on sales of \$4.85bn. Shipments in the six months rose from 10.1m tons to 10.4m and production from 14.8m tons to 15.4m.

Mr. Speer was optimistic about the outlook for the rest of the year, and noted that the order flow was still strong. He thought that domestic steel shipments would now exceed 95m tons compared with last year's 92m, providing that the Government's steel price system significantly reduced "unfairly priced imports."

Elsewhere in the industry, Armco Steel today announced a 71 per cent rise in second quarter net earnings from \$29.8m to \$51.3m. Sales rose from \$917.6m to \$1.1bn. First half net income was \$31.5m compared with \$30.1m on sales to \$2.06bn compared with \$1.7bn.

Allegheny Ludlum, which despite a diversification strategy still draws more than half of its sales from special steel, manufacturing, also reported a second quarter profits increase today, from \$7.8m or 67 cents per share to \$11.2m or 87 cents per share. Final net income was reduced to \$8.7m on 57 cents a share after taking into account a \$2.5m loss from discontinued operations.

Net earnings for the half year were \$14.4m or 68 cents a share against \$10.9m or \$1.09 per share. Sales for the second quarter rose from \$24.9m to \$31m, and for the half year from \$461m to \$714.2m.

Citicorp cuts note to \$200m

BY OUR OWN CORRESPONDENT

NEW YORK, July 26.

UNDERWRITERS FOR Citicorp's proposed \$250m floating rate note issued confirmed today that the borrowing had been reduced to \$200m. According to First Boston, which is managing the issue, this was because the U.S. investing public was unfamiliar with floating rate notes and had needed a greater amount of education than expected.

However, as of mid-day today, First Boston proclaimed itself satisfied with the way the reduced issue was going. About 90 per cent had been sold, it said.

This issue by New York's largest commercial banking concern, is unusual in at least two ways. Apart from its size, which matches the largest issues ever made by any other U.S. bank, the floating rate has seldom been seen before on comparable debt in the U.S. capital market.

Citicorp opted for this type of issue mainly to match its floating rate assets. However, it is also following European banks who have recently made several floating rate issues on the Euro-markets.

Morale problems at Kennecott Copper

NEW YORK, July 26.

KENNECOTT Copper Corporation completed its take-over of Carborundum Company a little over six months ago, but now people are wondering who took over whom.

The reason is that Carborundum's aggressive managers have taken over important posts at Kennecott and are making sweeping changes within the company.

Financial management is being centralized, division managers are being introduced, and all of this is being done with the blessing of Kennecott's 64-year-old chairman, Mr. Frank R. Milliken.

"The only thing our chairman forgot to tell us when we

acquired Carborundum was that he'd be stepping down and letting them run the company," said a disgruntled Kennecott division executive.

Since last February, when Kennecott restructured its top management, former Carborundum executives have been in control of the company's finances, employer relations, public relations, and shareholder relations.

One of Kennecott's three new executive vice-presidents is a former Carborundum man, and the company's president is William H. Wendel, the 63-year-old former president of Carborundum.

Company insiders note that Mr. Wendel and Mr. Milliken have become close friends.

It is not unusual for big changes to result when a large company such as Kennecott—1977 revenues \$976.8m—takes over a smaller company like Carborundum—1977 revenues about \$710m—but it is unusual for an acquired company to effect such swift and far-reaching changes in its parent and in the process, to create turbulence and a degree of lowered morale among employees.

Mr. Milliken, however, minimizes the effects of the upheaval. "Morale is very good at Kennecott," he insists. The company, he says, is using a handful of former Carborundum

Oil companies moving ahead

BY OUR FINANCIAL STAFF

SEVERAL LEADING U.S. oil companies reported higher second quarter results yesterday, led by Mobil Corporation with a 21 per cent increase to \$295m against \$230 a year ago.

Mobil's revenues for the period moved up from \$8.4bn to \$8.9bn. For the first half, they totalled \$17.6bn against \$16.5bn, with net profits of \$536m, up 16 per cent from \$465m. Earnings per share of \$2.04 compared with \$1.74.

At Shell Oil, part of the Anglo-Dutch concern, net profits edged forward by only just over 2 per cent in the second quarter to \$179m from \$173m. Earnings per share were \$1.21 against \$1.22 on revenues of \$2.5bn compared with \$2.5bn.

Marathon Oil announced second quarter net earnings of \$1.66 against \$1.65 a share. Total net profits of \$58.5m compared with \$49.6m and sales of \$1.15bn with \$1.10bn.

For the half year, net earnings per share totalled \$3.34 against \$3.00. Total net was \$100.8m against \$92.3m, while revenues rose to \$2.35bn from \$2.26bn.

Gulf Oil said its second quarter earnings were "adversely affected by a squeeze on profit margins in worldwide refining and marketing operations and by higher net financial charges resulting from a decline in interest income on investment portfolio coupled with increased debt-service charges."

Union Oil Company of California announced net profits

for the first six months of \$166m, or \$3.73 a share, against \$158m, or \$3.49. Revenues of \$3.1bn compared with \$2.8bn.

Higher earnings were due to several factors, including better refinery yields improved marketing margins, successful exploration operations in the Gulf of Mexico and improved earnings of its chemical division.

Partially offsetting these gains were lower investment tax credits and lower domestic oil and gas production.

City Oil revealed that net earnings for the second quarter totalled only \$53.7m or 65 cents a share compared with last year's second quarter figure of \$75.5m or 92 cents a share. Revenues edged up from \$879.5m to \$880.6m.

Barnes Group sees upturn in earnings

BRISTOL, Conn., July 26.

THE BARNES GROUP expects to report that a rise of 24 per cent in earnings, and a 27 per cent increase in sales took place in the second quarter. The rest of the year should be "strong."

Based on preliminary results, earnings in the second quarter rose about 24 per cent from the \$3.3m, or 74 cents a share, reported a year earlier. Sales gained about 27 per cent over the \$75.8m a year ago.

The Barnes Group today raised its quarterly dividend to 23 cents from 22 cents.

For the six months increase are expected of about 21 per cent in earnings and some 24 per cent in sales.

AP-DI

Chicago Bridge drops bid

BY OUR FINANCIAL STAFF

The cash tender offer by Chicago Bridge and Iron for Rowan was made as a result of the announcement of a deal between Rowan and Armco Steel, under which Rowan was to acquire Armco's 50 per cent interest in two Rowan drilling facilities.

Last week, it was announced that Schlumberger had acquired 13 per cent of Rowan,

at which level the bid valued Rowan at some \$250m. The reduction was made as a result of the announcement of a deal between Rowan and Armco Steel, under which Rowan was to acquire Armco's 50 per cent interest in two Rowan drilling facilities.

Last week, it was announced that Schlumberger had acquired 13 per cent of Rowan,

EUROBONDS

Chase coupon set at 6%

BY FRANCIS GHILES

AFTER A quiet start prices of Deutsche Mark denominated bonds fell again yesterday. This was partly a response to a weakness in the West German domestic bond market, where the Bundesbank had to intervene, buying up about DM 250m worth of bonds.

Despite this weakness, West-deutsche Landesbank announced the terms of the DM 100m bond for Chase Manhattan Bank. The maturity will be 15 years with an average life of 10.75 years and an indicated coupon of 6 per cent. Pricing will be on August 7.

The World Bank's two tranche bond was priced late on Monday night: the DM200m six-year tranche which carries an interest rate of 5 1/2 per cent was priced at 99 1/2, while the DM 200m ten-

year tranche with an interest rate of 6 per cent was priced at 98 1/2, both cases as expected.

Deutsche Bank, which arranged the bond, is also leading a syndicate of banks, which is being syndicated among West German banks and is understood to carry an interest rate of 6 1/4 per cent.

Bayerische Vereinsbank and Nomura are arranging a DM 40m private placement for Murata Manufacturing, a small Japanese electronics company. The bond is expected early next month.

The dollar sector of the market was quiet, with very little turnover, though floating rate notes put on a quarter of a point in many cases. The \$35m FRN tranche which carries an interest rate of 5 1/2 per cent was priced at 99 1/2, while the DM 200m ten-

Solid profits increase at INA

PHILADELPHIA, July 26.

A SOUND increase in half-year results is reported by INA Corporation, the insurance holding group. Second quarter earnings amounted to \$68.28m, equal to \$2.71 a share, against \$45.48m or \$1.82 a share, after including a loss on discontinued operations

of \$3.9m in the same period last year. Revenue totalled \$1bn, against \$926.4m.

Net earnings for the six months were \$122.27m or \$4.86 a share, against \$79.82m or \$3.20 a share previously, on revenues of \$2bn against \$1.8bn. Reuter

THE EMIRATES TELECOMMUNICATIONS CORPORATION LIMITED

U.S. \$100,000,000

MEDIUM TERM LOAN

Managed by

Abu Dhabi Investment Company National Bank of Abu Dhabi
The Arab and Morgan Grenfell Finance Company Limited
Bankers Trust International Limited Chase Manhattan Limited
Chemical Bank International Limited Grindlay Brandts Limited
Gulf International Bank B.S.C. Kuwait International Investment Co. s.a.k.
Lloyds Bank International Limited Standard Chartered Bank Limited
Union Bank of Switzerland

Provided by

Abu Dhabi Investment Company Arab Bank for Investment and Foreign Trade, Abu Dhabi
Bahrain Investment Company B.S.C. Bankers Trust Company
The Bank of Yokohama Limited The British Bank of the Middle East
The Chase Manhattan Bank, N.A. The Commercial Bank of Australia
Creditanstalt - Bankverein European Arab Bank
Gulf International Bank B.S.C. Iran Overseas Investment Bank Limited
Lloyds Bank International Limited (Dubai Branch)
The Mitsubishi Bank, Limited Morgan Grenfell (Jersey) Limited
The National Commercial Bank Saudi Arabia
Nederlandsche Middenstandsbank NV
The Royal Bank of Canada, Dubai Branch
Société Générale Standard Chartered Bank Limited
United International Bank Limited

Arab African Bank - Cairo Arab Bank Limited
Banco Urquijo - Abu Dhabi Branch Bank of Scotland
Banque Nationale de Paris The Chartered Bank, Offshore Banking Unit, Bahrain
Chemical Bank (Bahrain Branch) Credit Suisse
The Daiwa Bank Limited Grindlays Bank (Jersey) Limited
International Resources and Finance Bank S.A. Kuwait International Investment Co. s.a.k.
Merrill Lynch International Bank Ltd The Mitsui Trust and Banking Company Limited
National Bank of Abu Dhabi National Westminster Bank Limited
Oesterreichische Laenderbank Saudi International Bank
Al-Bank Al-Saudi Al-Alami Limited Société Générale de Banque S.A.
Union Bank of Switzerland

Agent
Abu Dhabi Investment Company

U.S. QUARTERLIES

AMERICAN PETROFINA

	1978	1977
Second Quarter		
Revenue	285.0m	271.0m
Net profits	6.46m	6.84m
Net per share	0.61	0.64
Six Months		
Revenue	545.7m	545.5m
Net profits	7.55m	15.0m
Net per share	0.71	1.40

CAPITAL CITIES

	1978	1977
Second Quarter		
Revenue	95.8m	80.8m
Net profits	16.2m	12.0m
Net per share	1.13	0.81
Six Months		
Revenue	175.4m	143.3m
Net profits	28.9m	20.4m
Net per share	1.88	1.36

EASTERN AIRLINES

	1978	1977
Second Quarter		
Revenue	599.9m	498.8m
Net profits	24.3m	1.63m
Net per share	1.15	0.08
Six Months		
Revenue	1.18bn	1.02bn
Net profits	43.7m	18.5m
Net per share	2.06	0.93

IU INTERNATIONAL

	1978	1977
Second Quarter		
Revenue	628.7m	561.5m
Net profits	14.4m	10.0m
Net per share	0.43	0.30
Six Months		
Revenue	1.26bn	1.11bn
Net profits	37.2m	31.3m
Net per share	1.12	0.94

JOHNS-MANVILLE

	1978	1977
Second Quarter		
Revenue	434.8m	375.5m
Net profits	34.5m	27.8m
Net per share	1.60	1.30
Six Months		
Revenue	773.2m	682.6m
Net profits	59.9m	49.9m
Net per share	2.78	2.33

PABST BREWING

	1978	1977
Second Quarter		
Revenue	215.6m	220.9m
Net profits	3.8m	10.1m
Net per share	0.45	1.19
Six Months		
Revenue	372.4m	393.3m
Net profits	6.1m	17.0m
Net per share	0.71	1.99

WARNER-LAMBERT

	1978	1977
Second Quarter		
Revenue	696.0m	632.4m
Net profits	55.0m	51.0m
Net per share	0.69	0.64
Six Months		
Revenue	1.34bn	1.21bn
Net profits	107.2m	98.5m
Net per share	1.35	1.24

IC INDUSTRIES

	1978	1977
Second Quarter		
Revenue	564.9m	492.9m
Net profits	29.2m	24.1m
Net per share	1.82	1.38

BRIEFLY

Heublein raises share earnings by 37%

NEW YORK, July 26.

THE alcoholic drinks manufacturer Heublein Incorporated raised net earnings for the first six months of the current fiscal year of \$2.66 a share compared with \$1.94. Further rises at the six months level were reported by perfumes maker Fabergé, with earnings of 52 cents compared with 43 cents, container leasing company Flexi-Van Corporation, up from \$1.29 to \$2.00, and the pharmaceuticals company Sterling Drug, ahead from 67 cents to 74 cents.

Also reporting rises in per share earnings for the first half were electrical equipment manufacturer Thomas and Betts, up from \$1.39 to \$1.69, cargo carrier Tiger International, up from 56 cents to \$1.35, the diversified natural gas distributor Alaska Interstate, up from 89 cents to 91 cents, and environment control organisation Johnson

Controls, up from 77 cents to 99 cents.

The Canadian metal fabricator Dominion Bridge rose from \$31.27 to \$31.40.

Declines in earnings at the six month's level were reported by Hershey Foods, down from \$1.38 to \$1.20, utility American Electric Power, down from \$2.51 to \$2.45, and Freeport Minerals, down from \$1.07 to 95 cents.

For the second quarter, net earnings of building materials and metals group Martin Marietta Corporation rose from \$1.31 to \$1.54, while the publishing organisation Macmillan Incorporated moved ahead from 26 cents to 30 cents. Harvey Hubbell, which makes electrical goods, advanced from 81 cents to 94 cents, Southern Railway moved up from \$2.51 to \$2.94, and the engineering and wood concern Koppers lifted earnings from 78 cents to 84 cents.

Other companies to announce

advances at the second quarter level were the wood and welding equipment company Pacific Lumber, ahead from 73 cents to \$1.03, and optical equipment manufacturer Bausch and Lomb, up from \$1.10 to \$1.31.

Two companies reported falls for the second quarter, the mineral extracting and processing company St. Joe Minerals, down from 63 cents to 60 cents, and utility Houston Industries, down from 98 cents to 90 cents.

Copeland Corporation, with interests in refrigeration, moved up from 78 cents to 82 cents for the third quarter, and also for the third quarter Varian Associates, the electrical company, advanced from 42 cents to 47 cents.

Blue Bell Incorporated, clothing manufacturer, slipped from \$4.05 a share to \$3.19 for the nine months.

Agencies

United States Copper Mine and Integrated Metallurgical Plant FOR SALE

Hecla Mining Company's undivided one-half interest in the Lakeshore Mine and Metallurgical Plant located on the Papago Indian Reservation, 30 miles south of Casa Grande, Arizona.

Sealed bids must be submitted prior to September 16, 1978.

Qualified parties may obtain detailed information regarding this facility and its production history by writing or calling:

W. H. Lova
or
WILLIAM A. GRIFFITH
Hecla Mining Company
P.O. Box 320
Wallace, Idaho 83873

PHONE: (208) 752-1251

TELEX: 326476 Hecla Co. Wale

There are no preestablished terms of any offer, but the Company reserves the right to refuse any and all bids for any reason. All proposals will be kept in the strictest confidence.

Principals only

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Refinancing of medium term loans

By Francis Gihls

A NUMBER of borrowers are repaying loans early and refinancing them on much lower terms, at the moment this is the case of Iraq, Italy and Mexico. The latter is expected to refinance the \$178.6m floating rate tranche of the \$210m loan which National Financiera raised in August 1976. The borrower then paid a spread of 1½ per cent for seven years, but today has been offered a spread of 1 per cent on a three-year bullet.

The first two-year period has just expired. In 1976, the loan was led by Libya and Morgan Guaranty, with about 10 other banks in the managing group. The same managers are expected to retain their position in the loan now being negotiated.

Meanwhile, Société Financière pour les Télécommunications et l'Électronique, a subsidiary of the Italian STET, is refinancing the \$35m five-year loan arranged in January 1976, on which it paid a spread of 1½ per cent. That loan agreement carried a prepayment penalty clause of 1 per cent per annum. However, even taking that into account, the new terms agreed by Banque Européenne de Crédit and Kredietbank NV (which also arranged the loan in 1976) for the borrower means that it has succeeded in raising much cheaper money. The new loan is for five years and carries a spread of 1 per cent.

The Central Bank of Iraq is refinancing part of the \$500m five-year loan which it raised in 1976 on a spread of 1½ per cent. The new loan, amounting to \$180m for three years, will carry a spread of 1 per cent. The lead manager of the new loan is UBAF.

Iran completes Krupp purchase

By ADRIAN DICKS

FRIDRICH KRUPP GMBH, the West German engineering, steel and shipbuilding group still smarting from the effects of recession, is now a quarter owned by Iran following the completion of a DM 870m (\$424m) deal this week.

In the final stage of the agreement reached in October 1976, Iran lifted its stake from 16.9 per cent to 25.01 per cent, representing DM 175.07m of a capital base now raised to DM 700m. The remainder is in the hands of the Alfred Krupp von Bohlen und Halbach foundation.

However, Herr Heinz Petry, the executive chairman, revealed here that the Iranian Govern-

ment had paid a "premium" of 400 per cent on top of the nominal value of the capital to which it has subscribed, so that its total investment in the West German company appears to be somewhere between DM 870m and DM 875m.

The finance director, Herr Alfred Lukac, said the group's free reserves currently stood at DM 586m, slightly more than the net Iranian investment. Although Herr Lukac stressed that it was not part of the group's strategy to hold such large sums of cash, the board was able to report that Krupp is, financially, in an enviable solid position.

As for its current business, however, Krupp has still been

feeling the cold draught of recession. In the first six months of 1978, total sales rose by only 1 per cent to DM 5.3bn, with the more buoyant sectors such as mechanical engineering, plant construction and trading substantially offset by those in difficulties, like shipbuilding.

The main emphasis of the group's DM 325m investment programme this year (after DM 351m in 1977) will again be the preservation of its competitive position. According to plans already announced, Krupp will reduce its workforce by some 2,100 during 1978, of which 1,700 will be in the steel sector. Herr Petry emphasised that this reduction would be achieved

through non-replacement and optional early retirement rather than mass layoffs. This would cut Krupp's worldwide total manpower to about 84,500 by the end of 1978.

Short-term working at the end of last month affected 2,270 people, concentrated mainly in steelmaking and shipbuilding. Herr Petry predicted that an announcement would be made within the next few months about the group's participation in the Soviet Union's giant Kursk steelmaking complex. He said that all essential details of Krupp's share had been agreed and initiated, and that final agreement was awaiting only the ending of the "holiday pause."

Setback for Nordic companies

By William Dullforce

STOCKHOLM, July 26. THE AVERAGE profitability of the 500 largest Nordic companies plunged to 6 per cent in 1977. Corporate earnings, measured by net operating profit plus interest charges as a percentage of total assets, did not even match bank interest rates.

This is one of the more significant findings in the compilation of Nordic business results published today by a Stockholm business weekly. It confirms a tough year for the five Nordic countries with the international in several branches eroding profits.

Worst hit were the big Swedish and Finnish corporations. One in three of these made a loss last year, while one in six of the major Norwegian concerns and one in 10 Danish businesses turned in losses. Returns on capital employed averaged 4.7 per cent in Finland, 5 per cent in Sweden, 6.3 per cent in Norway and 9.6 per cent in Denmark.

The most profitable business in the area was Oy Alko, the Finnish state alcohol monopoly, which achieved a return of 32.7 per cent. The only other company to yield more than 30 per cent was Rank jerox's Swedish subsidiary.

These two were followed by 10 Danish concerns, most of which produce and market foodstuffs. One reason for this Danish profits supremacy, according to Mr. Arne Pilegaard, chairman of the Danish Agricultural Council, is Denmark's membership of the EEC, which has given Danish farmers a much larger "home market."

Triad agrees on SPP offer

By ANTHONY ROWLEY

HONG KONG, July 26.

TRIAD HOLDINGS has reached agreement with Southern Pacific Properties (SPP) on an offer of 50 HK cents a share for the 70.9 per cent of SPP which it does not already own, or which has shares were suspended here on not already been pledged to it. May 17, after the Cairo decision. The transaction has a value of HK\$121m (U.S.\$28m).

Southern Pacific Properties was heavily involved through a subsidiary in the Pyramid Oasis Resort project at Giza, in Egypt, which was cancelled recently by the Egyptian Government. Compensation in relation to the threatening the interests in investment has been under negotiation.

After that, there were doubts about whether Arab financier, Mr. Adnan Khushoggi's Triad group, and Barriek is being would proceed with previously-mooted takeover plans for SPP, chant-banking arm of the through these were resolved last month. The offer is to be made through a Triad subsidiary, Barriek Investments. Holdings in stock exchanges here today, but SPP by Peninsular and Oriental an approaching tropical storm P & O, Trust Houses Forte put an early end to the day's and J. G. Boswell—all UK groups trading.

Profits up in Australia

CANBERRA, July 26.

TRADING and profit conditions in Australia improved substantially in the June quarter, according to the latest business survey by the Australian Chamber of Commerce and the National Bank.

The survey found that 65 per cent of the firms experienced good or satisfactory trading in the June quarter, compared with 54 per cent in the March quarter, while 55 per cent had good or satisfactory profit, up from 50 per cent in the March quarter. Expectations for the September quarter are that 63 per cent will have good or satisfactory trading results, and 57 per cent good or satisfactory profits. A significant reduction is reported in the growth of labour costs, while purchase costs eased marginally. A further reduction in cost pressures is expected in the September quarter.

The demand for labour weakened in the June quarter, and is not expected to improve in the current three months. AP-D.

Slight gain at Indian bank

By Our Own Correspondent

CALCUTTA, July 24.

UNITED COMMERCIAL Bank, one of the big five of the Indian banking system increased its net profit slightly to Rs 21.28m in 1977, from Rs 20.98m in 1976. Advances, however, rose sharply, to Rs 2,56bn, from Rs 1,96bn.

The bank's deposits increased by 25.3 per cent, from Rs 7,58bn to Rs 9,57bn. The deposits figures for 1977 comprised Rs 9,88bn of internal deposits and Rs 890.9m outside India.

SEAT may make record loss this year

By DAVID GARDNER

BARCELONA, July 26.

LOSSES OF SEAT, the largest saloon car manufacturer in Spain and the only one with a significant local holding, could total between Ptas22m and 30m (\$26.5m to \$39.5m) this year on the evidence of the poor showing in the first half.

This would be the heaviest shortfall ever suffered by SEAT, which managed to produce a profit of Ptas406m last year.

SEAT, in which the two major stakes are held by Fiat of Italy with 35 per cent and the Spanish state holding company INI with 36 per cent, began the year in serious trouble, having seen its home market share plummet from over 60 per cent at the start of the decade to under 30 per cent last year.

Its lead has been taken over by Fasa-Renault, closely followed by Chrysler and Citroën. The

advent of Ford in 1976, although of limited impact, due to curbs on its sales volume, nevertheless took up any slack on the home market that could have benefited SEAT.

Last year, SEAT produced 353,000 cars, selling 65,000 abroad (12.1 per cent down on 1976) and 242,000 at home (17.3 per cent less). In January, SEAT applied to the Employment Ministry to put its workers on a three-day week for three months to try to reduce costs.

The decision was held up until the end of March, mainly because of its political sensitivity. With its plants in Pamplona, Martorell (Cataluña), but principally Barcelona, SEAT is the country's third largest employer. Strong union pressure cut the number of lost working days from 24 to 16, but by then the company had accumulated stocks of 85,000 cars, or nearly three months' normal production. SEAT reduced its output estimate for the year to 250,000 units, but even this is now seen as unreachable. During the first five months of this year, SEAT produced 115,000 cars against 125,000 in the same period last year.

Exports have risen to 30,000 cars during the first four months, but this is not enough to offset the continued stagnation at home, where SEAT's share of the market continues to decrease. The company's main problem is the decreasing public appeal of its standard models. In the past SEAT, in which Spanish banks also own 15 per cent, was able to benefit from Fiat's technology, while catering to a practically captive local market. With the establishment of its multinational competitors in

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHT	Offer	STRAIGHT	Offer
Africa Australia 8 1/2pc 1989	97 1/2	98 1/2	98 1/2
AMEV 8pc 1987	92 1/2	92 1/2	92 1/2
Australia 8 1/2pc 1987	92 1/2	92 1/2	92 1/2
Australia M. & P. 8 1/2pc 88	97 1/2	97 1/2	97 1/2
Barclays Bank 8 1/2pc 1982	91 1/2	91 1/2	91 1/2
Bowater 8 1/2pc 1987	97 1/2	97 1/2	97 1/2
Can. N. Railway 8 1/2pc 1988	94 1/2	94 1/2	94 1/2
Credit National 8 1/2pc 1986	92 1/2	92 1/2	92 1/2
Denmark 8 1/2pc 1984	92 1/2	92 1/2	92 1/2
ECS 8pc 1988	92 1/2	92 1/2	92 1/2
ECS 8 1/2pc 1987	92 1/2	92 1/2	92 1/2
ECS 8 1/2pc 1986	92 1/2	92 1/2	92 1/2
EMI 8 1/2pc 1988	92 1/2	92 1/2	92 1/2
Erasmus 8 1/2pc 1988	92 1/2	92 1/2	92 1/2
Exco 8 1/2pc 1988	92 1/2	92 1/2	92 1/2
Gl. Lakes Paper 8 1/2pc 1984	97 1/2	97 1/2	97 1/2
Hamberly 8 1/2pc 1985	102 1/2	102 1/2	102 1/2
Indro Quebec 8 1/2pc 1987	97 1/2	97 1/2	97 1/2
ICI 8 1/2pc 1987	92 1/2	92 1/2	92 1/2
ISB Canada 8 1/2pc 1984	102 1/2	102 1/2	102 1/2
Macmillan Bloedel 8 1/2pc 85	94 1/2	94 1/2	94 1/2
Macmillan Bloedel 8 1/2pc 81	94 1/2	94 1/2	94 1/2
Michelin 8 1/2pc 1988	100 1/2	100 1/2	100 1/2
National Coal 8 1/2pc 1987	92 1/2	92 1/2	92 1/2
National Westminster 8 1/2pc 86	101 1/2	101 1/2	101 1/2
Ned. Wismar 8 1/2pc 87	101 1/2	101 1/2	101 1/2
Newfoundland 8 1/2pc 1988	92 1/2	92 1/2	92 1/2
Norfolk Inv. Bank 8 1/2pc 1988	92 1/2	92 1/2	92 1/2
Norfolk Inv. Bank 8 1/2pc 1982	92 1/2	92 1/2	92 1/2
Norfolk Inv. Bank 8 1/2pc 1982	92 1/2	92 1/2	92 1/2
Olds 8 1/2pc 1988	102 1/2	102 1/2	102 1/2
Porto Automotives 8 1/2pc 1981	97 1/2	97 1/2	97 1/2

STRAIGHT	Offer	STRAIGHT	Offer
New Zealand 8 1/2pc 1988	92 1/2	92 1/2	92 1/2
Norfolk Inv. Bank 8 1/2pc 1988	92 1/2	92 1/2	92 1/2
Norfolk Inv. Bank 8 1/2pc 1982	92 1/2	92 1/2	92 1/2
Norfolk Inv. Bank 8 1/2pc 1982	92 1/2	92 1/2	92 1/2
Norfolk Inv. Bank 8 1/2pc 1982	92 1/2	92 1/2	92 1/2
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Norfolk Inv. Bank 8 1/2pc 1982	92 1/2	92 1/2	92 1/2
Norfolk Inv. Bank 8 1/2pc 1982	92 1/2	92 1/2	92 1/2
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Norfolk Inv. Bank 8 1/2pc 1982	92 1/2	92 1/2	92 1/2

Manchester Garages Ltd

(Ford Main Dealers)

Six months ended 30th June, 1978

Record Trading Profit

	30/6/78 (Unaudited)	30/6/77 (Unaudited)	31/12/77 (Audited)
Group Sales	8,000,864	5,776,534	11,573,743
Group Trading Profit (before interest)	382,865	257,573	553,878
Group Net Profit (before tax)	350,745	204,257	464,109

"Trading profit increased by 49%"
 "Turnover increased by 39%"
 "Truck dealership making substantial profits"
 "Directors strongly recommend Oliver Rix merger offer"

R. A. Stoodley Chairman and Managing Director.

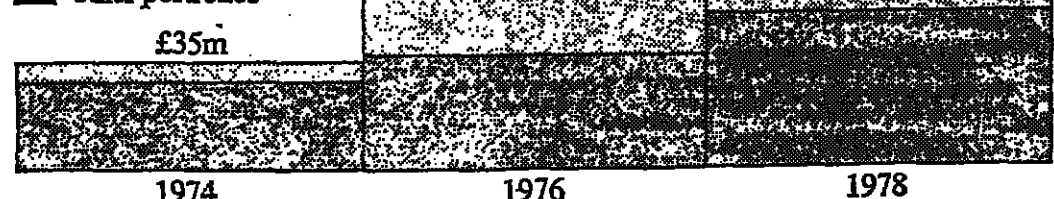
Schlesinger Investment Management Services Limited

"...Funds managed now exceed £110 million,
 ...profits continued to grow strongly"

M. D. Moross, Chairman

Funds under management

non-resident funds
 unit trusts
 other portfolios



Chairman's Comments

The companies which form the investment arm of Schlesinger European Investments Limited had another successful year. Funds managed now exceed £110 million, and profits continued to grow strongly. The companies involved are Schlesinger Investment Management Services Limited, responsible for all funds under management in the U.K. and for providing advice to the Boards of the non-resident investment companies, Schlesinger Trust Managers Limited under whose aegis the Schlesinger FIMS range of 14 authorised unit trusts is managed and marketed, and Schlesinger International Management Limited, based in Jersey, the management company for the 6 non-resident funds.

Gross sales of authorised unit trusts exceeded budgets, totalling almost £20 million during the year with substantial investments arising from the recommendations of professional advisers. A feature

during the year was the introduction of seven new authorised unit trusts designed to achieve a full range of specialist investment funds. The Schlesinger Extra Income Trust (now £10 million) has attracted a great deal of support, as has the Schlesinger Preference and Gift Trust (now £3 million), while the rally in Wall Street earlier in the year re-established support for the Schlesinger American Growth Trust, now valued at £14 million.

We opened our own office in Jersey, with a resident director and supporting staff, and funds under management have rapidly increased to over £10 million. New Funds were introduced investing in the Far East and, through Schlesinger Gift Fund Limited, in British Government Securities.

Total unitised funds under management now exceed £57 million.

Good progress has been made in attracting investment portfolios for management from pension

fund trustees and private clients. We have developed two specialist divisions which concern themselves exclusively with these activities.

Relations with our sister companies in the Trident Insurance Group, for whom we act as investment advisers, are very close. During the year we strengthened our resources to satisfy the requirements of this rapidly growing insurance group.

In this, the Company's fifth year, we have achieved the original objectives of building an investment team of high calibre and of creating a broad range of investment services. The Company has been profitable since its inception and at no stage will the investment in the future be made at the expense of current profitability.

I am satisfied that our management team is well equipped to meet the demands and challenges of the times and that the next few years will see a solid continuation of the profitable growth that the Company has achieved in its first five years.

Schlesingers
 19 Hanover Square, London W.1. 01-409 3100

UNION CEMENT COMPANY

RAS AL-KHAIMAH, UNITED ARAB EMIRATES

K.D. 11,700,000

and

U.S. \$25,000,000

Medium-Term Loan Facility

Managed by

The Industrial Bank of Kuwait, K.S.C.

Kuwait Foreign Trading Contracting & Investment Co. (SAK)

Co-managed by

The National Bank of Kuwait, S.A.K.

Abu Dhabi Investment Company Arab Bank Limited

Grindlay Brandts Limited National Bank of Abu Dhabi

The National Bank of Ras Al-Khaimah (P.S.C.)

Provided by

The Industrial Bank of Kuwait, K.S.C.

The National Bank of Kuwait, S.A.K.

Kuwait Foreign Trading Contracting & Investment Co. (SAK)

Kuwait Real Estate Bank K.S.C.

Burgan Bank S.A.K.—Kuwait

Abu Dhabi Investment Company

National Bank of Abu Dhabi

Arab-Malaysian Development Bank Berhard

Grindlays Bank (Jersey) Limited

Alahli Bank of Kuwait (K.S.C.)

The Commercial Bank of Kuwait S.A.K.

Arab Bank Ltd. (OBU—Bahrain)

The National Bank of Ras Al-Khaimah (P.S.C.)

Kuwait International Finance Co. S.A.K. 'KIFCO'

Banco Arabe Español S.A.

Den norske Creditbank (Luxembourg) S.A.

Financial Group of Kuwait, K.S.C.

Union de Banques Arabes et Françaises—U.B.A.F.

Bahrain Branch

Agent

THE INDUSTRIAL BANK OF KUWAIT, K.S.C.

June, 1978

WORLD STOCK MARKETS

Indices

Period	2007					2008				
	July	July	July	July	July	High	Low	High	Low	
Industrial	847.79	839.87	831.60	825.47	838.62	840.70	866.91	742.12	1061.76	41.92
							(9.0)	100.79	111.13	(27.54)
Home Products	67.29	67.15	67.05	67.28	67.16	67.10	67.20	66.79	67.25	—
Transport	235.00	234.05	229.96	229.86	229.52	229.95	230.10	11.51	27.63	16.25
							(1.0)	11.51	11.51	(2.92)
Transport	105.95	105.95	105.58	105.07	105.29	105.26	105.40	102.34	163.32	10.25
							(0.1)	23.21	23.21	(2.58)
Freight over 500 yds	36,930	25,400	25,280	25,085	25,540	30,950	—	—	—	—

* Base of Index changed from August 24								
		July 21	July 14	July 7	Year ended			
	Ind. Div. index %	5.62	5.56	5.79	4.81			
STANDARD AND POORS								
		July 26	July 25	July 24	July 23	July 22	High	Low
Industrial	%	-108.82	107.89	108.04	109.50	108.44	115.29	104.24
Composite	%	-56.44	57.72	57.75	59.05	58.11	110.52	102.29
							High	Low
							115.42	104.24
							125.29	102.29
							111.22	104.24

	July 12	July 5	June 25	Year ago same date
Ind. div. yield %	5.07	5.18	5.11	4.55
Ind. Pk. divs.	9.12	8.95	9.04	10.12
Long Term Bond Yield	8.69	8.52	8.57	7.99

N.Y.S.E. ALL COMMON					Rises and Falls		
					July 2	July 1	July 2
1917							
July 26	July 25	July 24	July 21		1887	1880	1879
				High	1081	903	805
				Low	472	523	425
55.51	55.27	54.08	54.51	High	434	474	451
				Low	113	23	14
				New High	16	14	17
				New Low			

MONTREAL					1912	
July 26	July 25	July 24	July 21	High	Low	

Area	Country	Industrial		Commercial		Total		1934		1935		1936		1937		1938		1939		1940		1941		1942		1943		1944		1945		1946		1947		1948		1949		1950		1951		1952		1953		1954		1955		1956		1957		1958		1959		1960		1961		1962		1963		1964		1965		1966		1967		1968		1969		1970		1971		1972		1973		1974		1975		1976		1977		1978		1979		1980		1981		1982		1983		1984		1985		1986		1987		1988		1989		1990		1991		1992		1993		1994		1995		1996		1997		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035		2036		2037		2038		2039		2040		2041		2042		2043		2044		2045		2046		2047		2048		2049		2050		2051		2052		2053		2054		2055		2056		2057		2058		2059		2060		2061		2062		2063		2064		2065		2066		2067		2068		2069		2070		2071		2072		2073		2074		2075		2076		2077		2078		2079		2080		2081		2082		2083		2084		2085		2086		2087		2088		2089		2090		2091		2092		2093		2094		2095		2096		2097		2098		2099		2100		2101		2102		2103		2104		2105		2106		2107		2108		2109		2110		2111		2112		2113		2114		2115		2116		2117		2118		2119		2120		2121		2122		2123		2124		2125		2126		2127		2128		2129		2130		2131		2132		2133		2134		2135		2136		2137		2138		2139		2140		2141		2142		2143		2144		2145		2146		2147		2148		2149		2150		2151		2152		2153		2154		2155		2156		2157		2158		2159		2160		2161		2162		2163		2164		2165		2166		2167		2168		2169		2170		2171		2172		2173		2174		2175		2176		2177		2178		2179		2180		2181		2182		2183		2184		2185		2186		2187		2188		2189		2190		2191		2192		2193		2194		2195		2196		2197		2198		2199		2200		2201		2202		2203		2204		2205		2206		2207		2208		2209		2210		2211		2212		2213		2214		2215		2216		2217		2218		2219		2220		2221		2222		2223		2224		2225		2226		2227		2228		2229		2230		2231		2232		2233		2234		2235		2236		2237		2238		2239		2240		2241		2242		2243		2244		2245		2246		2247		2248		2249		2250		2251		2252		2253		2254		2255		2256		2257		2258		2259		2260		2261		2262		2263		2264		2265		2266		2267		2268		2269		2270</	
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THE JOBS COLUMN

Good results from universities' sales force

BY MICHAEL DIXON

THE UNIVERSITIES' main "sales force"—their careers and appointments staff—deserve congratulations. Their collective performance from 1975 to 1977 is summarised in the table alongside, which I have calculated from the latest figures issued by the Association of Graduate Careers Advisory Services. No one, surely, could deny that the progress is generally good.

One of higher education's more questionable results, for instance, is to disseminate among its students a somewhat inward-looking attitude to the choice of a career. Put roughly, the priorities of this choice are as follows:

1—Stay at university until you are dead, or longer if possible.

2—Transfer to some other form of full-time education or training where the things you are called on to do, and by which you will be judged, are not for real.

3—Find a job whose emphasis is on taking care of folk who are deemed to be "disadvantaged" in some way, rather than on competing for results with people who could be classed as your equals.

From the table, however, it appears that the first two means of avoiding exposure to competition outside the groves of academe are declining in use if not in popularity. It may well be, therefore, that full-time

	1975		1976		1977	
	Arts-side	Science-side	Arts-side	Science-side	Arts-side	Science-side
Number graduated at bachelor level	28,795	24,850	29,268	24,314	31,024	24,835
Whereabouts unknown at December 31	12.9	8.8	11.7	7.3	11.3	8.0
Overseas graduates returned home, entered jobs abroad, etc.	9.0	8.8	8.7	9.5	9.4	10.5
Research and further academic study	4.8	17.7	8.7	18.1	8.1	16.4
Vocational training for teaching, law, etc.	29.5	10.8	29.0	10.7	26.1	9.0
Entered U.K. employment in:						
Management of general kind	4.5	3.2	4.3	3.0	4.4	2.6
Scientific research and development	0.2	9.1	0.2	9.1	0.2	12.4
Environmental planning	0.8	5.4	0.4	5.4	0.4	4.6
Routine scientific work	0.1	3.5	0.1	3.7	0.1	3.4
Production	0.5	6.8	0.6	7.0	0.8	6.0
Buying, marketing and selling	1.7	1.4	2.9	1.6	3.7	2.1
Management services	0.7	4.5	0.8	4.9	1.1	5.6
Financial Work	4.6	4.5	7.4	4.2	8.7	3.9
Legal work	2.5	0.1	2.9	0.1	3.1	0.1
Information work	2.1	0.6	1.8	0.6	1.8	0.5
Personnel and welfare	4.5	4.0	4.3	4.2	4.2	4.5
Teaching	2.6	0.9	2.1	0.7	1.9	0.6
Other kinds of "permanent" work	1.8	0.6	2.2	0.7	2.6	0.8
Temporary jobs	5.5	3.6	5.7	3.7	6.2	3.9
Believed unemployed at December 31	5.7	5.5	6.2	5.5	5.7	5.1

postgraduate study for master's degrees and doctorates will soon lose the character of a growth industry which between 1969 and 1975 raised the annual output of higher degrees by 19 per cent to 4,902 in the sciences, by 36 per cent to 2,989 in engineering and technology, by 50 per cent to 2,133 in the arts, and by 127 per cent to 4,828 in social studies.

On both the arts-side (which includes social studies) and the science-side (which includes engineering and technology, but

excludes medicine and associated subjects) smaller proportions of the graduates followed the 16 years of full-time study which led to their bachelor's degree, with several more years' worth of the same.

Part of the cause of this decline is no doubt a reduced availability of finance for higher-degree studies. But I feel sure that the careers advisers de-

cline is no doubt a reduced availability of finance for higher-degree studies. But I feel sure that the careers advisers de-

mitting themselves to a further long course which, far from advancing their career, might well restrict it by keeping them at university until they are too old for a range of promising jobs which would have been open to them at bachelor level.

The main reasons for the similar falls in the proportions transferring to vocational training are likely to be the currently declining prospects in school-teaching and, I fervently hope, in social work.

Also going down, also

encouragingly, are the proportions "believed unemployed" and simply not known about.

Where the different kinds of work in the United Kingdom are concerned, I find the movements indicated by the table equally cheering in general. True the science-side's rate of input into production work dropped last year. But that is probably accounted for by the jump in the input into research and development which in itself seems good news indeed.

Look, too, at the increased flow from both sides into the essential work of buying, and more especially marketing and selling.

In view of the evidence that sales success is associated with a poor rather than a good showing in higher academic examinations, the enlarged recruitment of graduates into this area may prove to be a dubious benefit to the employers concerned.

But the reverse connection is far from proved, and in any case it is not the business of university careers and appointments staff.

Their job is to sell graduates to employers, and to do so by persuading the graduates to look realistically for the start of their careers in the places where demand for their services is greatest. And last year the university advisers were on the whole doing their job well.

Remembering the career

prejudices among the many graduates I have met, I would say that anyone who can sell to students is some salesman!

Consultants

LEN BROOKS, managing director of Inbucon in London, is looking for a number of "highly presentable, articulate, creative and ambitious" men and women aged between 28 and 34 to join his company as putative consultants.

Candidates could currently be working in engineering, accountancy, economics, psychology or other behavioural "sciences," or the computer field. Experience in industry and commerce is needed, and fluency in a second language would be an advantage.

"At any one time we are conducting programmes in some 30 countries overseas," Mr. Brooks says, "so there is plenty of opportunity to work abroad if that is desired."

Salaries up to £9,000, depending on experience. Perks include company car. Applications including brief outline of career to Joan Wild, Inbucon/AIC Management Consultants, 197, Knightsbridge, London, SW7 1RN.

THE JOBS COLUMN is now going on holiday. It is due back, twice weekly, starting on Thursday, September 14.

Internal Auditor

Expanding International Merchant Bank

Our Client is a Consortium Bank of the highest standing with substantial development plans for the future.

To meet the bank's projected growth, the immediate requirement is for an Internal Auditor whose primary task will be to initiate and develop an audit programme for the bank in London. There will be additional responsibility for its overseas subsidiaries, and the potential exists for considerable personal development in the short term.

Ideal candidates, probably in their early 30's, will be Bankers with strong international audit and accounting experience or, alternatively, Chartered Accountants with City experience.

This represents a challenging and progressive career opportunity with a highly competitive salary and benefits to match.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd

60 Cheapside, London EC2. Telephone: 01-248 3812/3/4/5

Finance Director

£9,000 + p.a. plus car

The Steelley Company Limited with worldwide sales approaching £240 million p.a. wishes to appoint a Finance Director to its Construction Materials Division, which is shortly to become a separate subsidiary company. The new company will encompass activities both in the UK and overseas and the appointment will be based at its Head Office, near Sheffield.

The successful candidate will play a vital role in the carrying out of detailed financial investigations into and appraisal of, existing and potential business, integrating and developing financial and management accounting procedures and the overall management of the company, including the formulation of development plans.

Applicants, probably 35+, must hold a professional accountancy qualification, C.A., A.C.M.A. or A.C.C.A., and have had substantial experience at senior management level, ideally within the construction materials or an allied field.

Write giving brief details of background, or telephone for an application form to: Mr H. A. M. Edwards, Managing Director, Steelley Construction Materials, Kiveton Lane, Kiveton Park, Nr. Sheffield S31 8NN. Tel: Workop (0909) 770581



STEETLEY

International Banking

Corporate Lending from £9,000

A major US bank wishes to recruit a small number of LENDING OFFICERS to provide for high calibre management succession into the 1980s. Successful candidates will assume responsibility for domestic and multi-national client accounts and for marketing the Bank's complete range of international financial services.

Applicants — graduates or MBAs — must have a minimum of 5 years lending experience in wholesale banking or a related profession and have demonstrated superior financial analysis, marketing and negotiating skills. Initial assignments will be in the UK — the City or outside London. Longer term career

prospects — perhaps overseas — are excellent. Salary will reflect qualifications and experience, and other conditions of employment are in line with best banking practice.

Ref: S3716/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



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Non-Marine Underwriter

C. T. Bowring Underwriting Services/English & American

Substantial salary with fringe benefits commensurate with responsibility

As part of the re-organisation and planned expansion of their underwriting activities, which coincides with the normal retirement of their senior facultative Underwriter, our clients are looking for an experienced Underwriter to take full responsibility for their Facultative Non-Marine Account written jointly for C. T. Bowring Underwriting Services and the English & American.

The existing account is relatively small, with the present emphasis on North American property damage business. The subordinate underwriting team is well-versed and effective and know about this advertisement.

This appointment is an ideal opportunity for someone seeking independent Underwriting responsibilities who can put forward and then implement ideas as to how the very considerable potential capacity could be used in the development of a profitable and widely based account.

For further information (in strict mutual confidence) please contact our Managing Director, Mr. D. R. Whately, who himself possesses a London Market background. Quote Ref. 437. WHATLEY PETRE LIMITED, Executive Selection, 6 Martin Lane, London, EC4R 0DL. Tel: 01-623 9227.



Bills and Foreign Exchange Manager

Booker Merchants International, a company in the Booker McConnell Group, provides, as part of its business, a complete export service for overseas clients.

The Export Services Division, based in Uxbridge, requires a Bills and Foreign Exchange Manager to provide an efficient service in respect to Bills, Foreign Exchange and Credit Control and generally to contribute to the effective management of the Division. The position will shortly be vacant due to the internal transfer of the present job holder.

The job would involve maintaining credit control systems, ECGD procedures, supervising foreign exchange transactions and ensuring Bills of Exchange are drawn. The manager will maintain day-to-day relationships with banks and finance houses and from time to time would undertake special projects.

Candidates should ideally have experience of managing a small section or department. Knowledge of computerised systems is desirable since the present manual operating procedures in the department are currently being transferred to a new computer-based system. The successful candidate is likely to have had previous experience in a bank or export house or department and be familiar with export finance procedures, documentation and foreign currency payments.

Commencing salary will be in the region of £6,000.

In the first instance please send curriculum vitae to:

Johanna May, Personnel Department,

Booker Merchants International Ltd.,

The Adelphi, John Adam Street, London WC2 6DN.

or telephone her for a Personal History form on 01-930 4041, ext. 270.

International Banker

£15,000-£18,000

An International Finance Group with offices in Manila, Hongkong and Bangkok seeks the services of an experienced international banker, aged between 35-45 for relocation to the Far East.

Past service with a Merchant Bank or an International Commercial Bank with expertise in project development and in structuring, negotiating and syndicating credits is essential. The salary and benefits will be commensurate with experience in the range of £15,000-£18,000.

Initial interviews will be held in London. Please give a comprehensive personal and business history, including home telephone number. All replies will be treated in strictest confidence and should be addressed to: The Advertiser, 46/47 Bloomsbury Square, London, WC1A 2RU

LEASING AND LEASE BROKING

We are a medium-sized, financially-orientated group of companies.

We are looking for an experienced person, preferably already in a senior position with a company involved in leasing and lease broking, to take charge of and expand our Group's involvement in leasing.

The successful applicant will be responsible for supervising the existing leasing book, arranging new leases, organising block discount facilities and setting up a lease broking division.

The successful applicant will be appointed Managing Director after an initial period and will be eligible to share in profitability. Salary will be by negotiation. Full administrative and financial support will be provided.

Please reply with full details of past experience to Box A.6340, Financial Times, 10, Cannon Street, EC4P 4BY. All replies will be treated in the strictest confidence.

£10,000 TO £20,000

(BASE SALARY + USUAL BENEFITS AND INCENTIVES)

TECHNICAL DIRECTOR OR DIRECTOR—RESEARCH AND DEVELOPMENT

A growing international company of U.S. nationality seeks a technical director or director of research and development for its North Italian subsidiary. Executives with solid manufacturing and/or research background in the plastics or ceramic (anisotropic) areas will find this opportunity most attractive.

If your track record as a manager of small professional teams is outstanding, if you are a results-orientated manager who responds well to challenge, relates well to people, and would enjoy residing near the Lake district of northern Italy, please forward your resume including salary history and the telephone number at which you can be reached in early August to:

Box F.1029, Financial Times, 10, Cannon Street, EC4P 4BY.

As the professional consultants retained to assist management in filling this important post, we assure all respondents that their resumes will be promptly acknowledged. The credentials of a qualified executive will only be presented to our client after an interview with a member of our professional staff and by mutual agreement.

Ireland

WESTERN HEALTH BOARD WEST OF IRELAND APPOINTMENT AS WORK STUDY OFFICER

To be based at the Board's Headquarters at Merlin Park Regional Hospital, Galway.

ASSIGNMENTS will arise in relation to the Board's Hospitals and Homes in the counties of Galway, Mayo and Roscommon. The person to be appointed should:

- (a) be a Member of the Institute of Industrial Engineers or
- (b) be a Member of the Institute of Work Study Practitioners or
- (c) have a Diploma from the Organisation and Methods Society and
- (d) have three years' experience in Work Study/Organisational Methods.

THE PAY is on a scale of £5,180 rising by annual increments to £5,878.

A successful candidate for the office of Work Study Officer with special qualifications or experience may be allowed to enter the scale at a point above the minimum.

Application forms and further particulars may be obtained from the Personnel Officer, Western Health Board, Merlin Park Regional Hospital, Galway.

Latest date for receipt of completed applications is 5.00 p.m. on 7th September, 1978.

SENIOR LECTURER IN EXPORT MARKETING

£6,051 - £7,572

MILLBANK COLLEGE OF COMMERCE, Bankfield Road, Liverpool, L13 0BQ.

The person appointed to this post will be temporary for one year in the first instance and will be responsible for the organisation of a new Manpower Services Commission sponsored Export Marketing Technician Course and will be expected to teach Export Marketing, Transportation and Documentation and Finance of Overseas Trade. A varied experience in export marketing is essential together with a professional qualification in Exporting or Marketing. Duties to commence 1st September or as soon as possible thereafter. Further details and application forms obtainable from and returnable by 14th August to the Principal at the College.



ORD MINNETTMEMBERS OF
THE SYDNEY STOCK EXCHANGE LIMITED

A vacancy exists in our London office for a senior institutional adviser/dealer in Australian securities.

Applicants should have experience in dealing in Australian equity investments and possess a background knowledge of Australian companies and economic conditions. A working knowledge of the Australian fixed interest market would be an added advantage.

Prospects are excellent for the right person seeking a permanent position.

An attractive salary will be negotiated commensurate with experience and potential.

Application in writing in confidence to:—

B. J. Gallery
Ord Minnett
One College Hill
London EC4R 2RA

Regional Accountant

We are an International Service organisation seeking a Regional Accountant (based in London), for our European Operations. This is a key senior position reporting to the Regional Controller.

The successful candidate will meet most of these criteria:—

- (1) Be a qualified accountant.
- (2) Be within the likely age parameters of 29-39.
- (3) Have commercial experience in a hard-working environment.
- (4) Have substantial experience in all aspects of dealing with staff.
- (5) Proven experience of the production of comprehensive management and corporate accounts to a tight schedule.
- (6) Ability to relate to and understand the requirements of a performance-orientated line operation.
- (7) Have an energy level and ambition to succeed with responsibility.

A remuneration package in the order of £8,000 p.a. is envisaged which, besides normal fringe benefits, could include a company car. The job offers the opportunity for real commercial experience in a lively results-orientated environment. Prospects in the medium term include: growth in the advertised job through our rapid expansion; a move into a financial planning/liaison role; or a move into controllership.

Interested applicants should telephone Mrs. D. Knight on 01-437 8900 to obtain an application form.

ACTUARIAL OPPORTUNITY IN INVESTMENT MANAGEMENT

The Royal London Mutual Insurance Society has created a new post within its small but active investment management team for an Actuarial Student, aged in the early twenties, who is making good progress in the examinations. As a member of this team the successful applicant would be engaged, after a short period of training, in both research and dealing in connection with a large portfolio of Stock Exchange securities.

This opening offers a competitive salary, interesting and varied work and the prospect of an attractive career to the right person, who, although initially working in London, must be prepared to live within easily commutable distance of Colchester, where the Royal London aims to be relocated in approximately four years' time.

Apply in writing to:

The Controller, Personnel Administration,
Royal London Mutual Insurance Society Limited,
Wellington House, 90-92 Butt Road,
Colchester, Essex.

Director of Industrial Relations

The National Federation of Building Trades Employers invites applications for the post of Director of Industrial Relations which is to be separated from the post of Deputy Director-General. The holder of the post will be responsible to the Director-General for the industrial relations work of the Federation — industry-wide negotiations, conciliation and handling of disputes, employment legislation, advice and assistance to members, training policy for operatives' skills, safety policy.

Applicants should hold a degree or professional qualification and/or have experience in the personnel or industrial relations work of a company or employers' organisation. They should be able to show evidence of their ability to work in a team and to develop sound relationships with senior managers in companies of all sizes and with trade union leaders. An appointment under the age of 40 is unlikely. Salary by negotiation.

Applications should be addressed to the Director-General, NFBE, 82 New Cavendish Street, London W1M 5AD and marked "Director of Industrial Relations." Closing date for applications is Friday, 25th August, 1978.

MILLER/BUYER

Long established independent millers situated in a pleasant country town wish to recruit a Miller/Buyer who will be expected to accept responsibility for the buying and milling operation. The mill is modern and produces a range of branded flour products and animal feeds.

Professional/technical qualifications, experience and ability in management are important considerations. The age range is 30-50 years.

The salary offered reflects the responsibilities in the job, as do pension, holiday arrangements, etc. There are further promotion prospects for the right person in the future.

Apply in confidence to Box A.6426,

Financial Times, 10, Cannon Street, EC4P 4BY

EUROBOND DEALER
To initiate operations in floating rate notes and C.D.'s. Highly negotiable and competitive salary.
LOANS ADMINISTRATION AND CREDIT ANALYSTS
Excellent prospects for candidates with experience. German an advantage.
Salary £7,000.
MANAGEMENT ACCOUNTANT
Qualified or with good banking background for EC2 Bank. Art 24-30.
Salary £7,000.
TRAINEE FOR PORTFOLIO MANAGEMENT
For large stockbroker. Must have stockbroking experience, not necessarily in portfolio management. Age 22-26. Competitive salary.
L.J.C. BANKING APPOINTMENTS—01-232 9933

CONFERENCES**COMPUTER FRAUD ON THE QE2**

The first international conference on Computer Fraud is to be held aboard the QE2, on her scheduled Atlantic crossing, on 20th September to 24th September 1978.

Senior Management on both sides of the Atlantic are being invited to attend. The conference will demonstrate a specialist industry, how and where the risks of fraud can occur, and how they can be detected and countered.

The conference is being organised by 25th Century Security Education Ltd., Lower Road, Leatherhead, Surrey. Should you wish to be part of this unique conference, contact Peter Heims on Leatherhead 74500.

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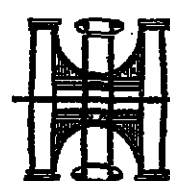
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Microelectronics to receive £70m aid

BY JOHN LLOYD

THE GOVERNMENT is to invest £70m over the next five years to assist companies which plan to develop and manufacture microelectronic products. This follows a £15m support scheme, announced earlier this month, aimed at encouraging the use of microprocessors in industry.

It also follows last week's announcement that the National Enterprise Board is to invest £50m in a new company, called INMOS, which would manufacture computer memories and microprocessors. Thus, in the past month, £135m has been committed by the Government to a variety of initiatives in microelectronics.

The support will be available to companies, both UK-owned and multinationals with a UK subsidiary, which can demonstrate that they have plans for "viable projects which contribute to the strategy of strengthening the UK microelectronics industry as a whole."

Mr. Eric Varley, the Industry Secretary, said yesterday that the

NEB's plans would not conflict with the present investment. "We need a substantial capacity, both private and public, if we are to compete successfully in this field."

Studies by the Central Policy Review Staff and the Government's Advisory Council for Applied Research and Development were under way to assess what the social and employment implications of microelectronics would be.

Mr. Varley said that he had talked to "one or two very large companies" about plans they had for investing in microelectronic production. He said that he approved of links between UK companies and foreign companies for microelectronic production of the kind now being negotiated between General Electric and Fairchild of the U.S.

The strategy behind the investment closely follows the recommendations produced by the Electronic Components Sector Working Party. It is to encourage established com-

All-out strike call at UK defence bases

BY PHILIP BASSETT, LABOUR STAFF

SHOP STEWARDS from the Clydeside dockyard taken over yesterday by the Navy to free the Polaris submarine Revenge will today call for an all-out strike by industrial civil servants at UK defence bases.

Supplies to the Clyde submarine bases will be blocked by other industrial civil servants. Dockyard workers at a NATO training base in Dorset yesterday banned refuelling Portland-based Navy vessels at sea and called for a ban on refuelling all ships at sea and outside normal hours.

A mass meeting of more than 1,000 workers at the Faslane yard on the Clyde decided to urge today's York meeting of shop stewards of 183,000 industrial civil servants to call the strike.

They have already been taking action in support of a pay claim. Revenge has been blacked as part of a campaign against the Government's 10 per cent pay offer made under Phase Three of the pay policy.

yards, Ministries and the House of Commons.

Dockyard workers at Rosyth, where Britain's two other nuclear submarines, the Repulse and the Renown, have been able to leave because of industrial action, made it clear yesterday that an all-out strike would cause too much hardship to already low-paid workers. A national overtime ban was more suitable.

Naval workers moved in yesterday's land supplies into the Revenge to allow it to relieve Resolution, which is still at sea. Picketing at the base was not possible, though, because of the amount of Navy personnel and the remote location of the base.

Special buses which normally take the workers in were not running because the base was closed to all but special staff.

Ships which usually refuel from Royal Fleet auxiliaries offshore at Portland will have to seek refuelling facilities elsewhere. HMS Folkestone, which is undertaking trials for the underwater weapons establishment at Portland, has been blacked by Portland dock workers.

Undertaking

Mr. Jim Diamond, chairman of the Faslane shop stewards' committee, said after the meeting that an all-out strike was the only response left to the unions now that the Navy had been called in to break the blacking of Revenge.

Workers at naval dockyards in Portsmouth, Devonport, Rosyth and Chatham have given undertakings that support for the Clyde submarine base would be blocked. Lorries already in transit would be turned back when they reached the Clyde.

Some trade union officials believe, though, that an all-out strike by civilian defence workers would not have as great an effect as the widespread one-day stoppages and blackings for the pay claim that have already hit dock-

The industrial civil servants, including all the dockyard workers, are pressing for "substantial" increases in basic pay, consolidation of earlier pay policy supplements, a minimum of four weeks' holiday and a commitment on pay comparisons with private industry.

Two terms of the Government's 10 per cent pay offer have been rejected.

The non-industrial Society of Civil and Public Servants yesterday gave its full backing to the industrial workers' claim for parity. Members of the society working in the Ministry of Defence have been advised not to do any of the work of TGVU members taking industrial action.

Britain will fight American move on Arab trade boycott

BY MAURICE SAMUELSON

THE GOVERNMENT declared yesterday that it would fight the effects in Britain of America's anti-Arab boycott legislation. Trade Department officials are to be sent to Washington for urgent talks on the issue.

Mr. Edmund Dell, Trade Secretary, said the Government was concerned at extrajurisdictional aspects of the U.S. regulations, which infringed the jurisdiction of the UK and could harm UK trade and employment.

Any UK company which believed it may be affected by the U.S. regulations should contact the Trade Department as soon as possible, he added.

The Department has also circulated a lengthy note to British companies, explaining the American regulations.

Trade Department officials said yesterday's moves were connected with amendments to the U.S. Export Administration Act which come into force next Tuesday. They require U.S. controlled companies to report receipt of requests to comply with the Arab boycott of Israel goods. The U.S. regulations apply, too, to British companies in which U.S. shareholders have stakes of 25 per cent or more.

The statement by Mr. Dell coincides with discussions on similar British anti-boycott legislation by a House of Lords select committee. Although the Government does not support UK legislation, officials denied that yesterday's move was intended to influence the committee's discussions.

They said that the committee, headed by Lord Redcliffe-Maud, had been told in advance of Mr. Dell's statement. But Lord Byers, sponsor of the Foreign Boycotts Bill, said last night that no mention of it had been made at yesterday's committee meeting.

The Department of Trade has itself frequently deplored the Arab boycott and says it has no objections to American legislation. However, it did object to its use into our affairs.

Similar protests had been made to the U.S. over the attempts to secure information from British concerns in connection with the Rio Tinto-Zinc uranium cartel investigations.

Call to counteract Arab boycott Page 8

EEC doubts over fibres cartel

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE FUTURE of the "crisis cartel" recently concluded between Europe's major synthetic fibres producers was thrown into renewed uncertainty today, when the Brussels Commission decided to postpone until October further discussion of a proposal to exempt the arrangement from EEC competition law. Officially, the delay is attributed to the need to give the matter further study. But privately a number of EEC officials believe that it will be increasingly difficult for the cartel to survive and that other less radical ways have to be found to alleviate excess capacity and price cutting in the industry.

The latest turn of events is viewed here as an important personal setback for Viscount Etienne Davignon, the Industry

Commissioner who actively encouraged the formation of the cartel.

He consented today to the "provisional" withdrawal from consideration of a proposed regulation intended to legitimise the cartel by exempting it from the Rome Treaty's normal competition rules.

The draft regulation had been reluctantly prepared by the Commission's competition department which strongly doubted that the cartel could be authorised under the normal rules. If approved by the Commission, the proposed exemption would still have to win the unanimous backing of the EEC Council of Ministers.

It was agreed today that the Commission would hold a broad ranging debate in October aimed at analysing closely the fundamental reasons for the fibres industry's problems and seeking suitable solutions.

Though recourse to a cartel has not been totally ruled out, there is a growing body of opinion that other measures to help the industry would be preferable. These might include special aid from the EEC regional and social funds to cushion the impact of redundancies.

The bulk of such aid would probably be intended for Italy, which has engaged in wide spread price cutting.

A number of senior officials point out that the recent arrangements between the producers do not provide for price fixing but only for market sharing and concerted capacity reductions.

U.S. half-year trade deficit now \$16bn

BY DAVID BUCHAN

WASHINGTON, July 26.

THE U.S. trade deficit fell in June to \$16.5bn (\$28.8bn) — the first time it has been below \$20bn since September. The result compares with \$22.5bn the month before and brings the overall trade deficit for the first half of 1978 to \$16.5bn. At an annual rate this is still well above last year's record \$26.5bn deficit.

June was the 25th consecutive month in which U.S. imports exceeded exports. But it appears to bear out Administration predictions that the trade balance would improve in the last six months of this year.

The Commerce Department is reported to have prepared for President Jimmy Carter a 12-point plan for a national export drive. It would apparently include an increase of \$500m in the level of export credit that the U.S. Export-Import Bank provides, a \$20m increase in the export promotion budget of the Commerce Department, and Government guarantees on private credits to small exporting companies.

Administration economists pin their hopes on the likelihood that as growth slows in the second half of 1978, the economy will sink in fewer imports.

Trade figures for the first half of the year, they claim, were distorted by a combination of the national coal strike and cold weather, which disrupted export shipments, and the introduction of minimum steel prices in mid-February which led to a surge in steel imports before that date.

The improvement in the June deficit was due to a 3.2 per cent rise in exports to \$12.1bn, mainly in the field of aircraft, food and raw materials — and to a 1.9 per cent decline in imports.

But imports of machinery and cars rose slightly in June and oil imports increased by nearly 10 per cent from May. In the first six months overall, however, purchases of foreign oil were 12 per cent down because of increased Alaskan oil production.

Wall Street and the foreign exchange had braced themselves for a larger deficit in June. Share prices and the dollar rate improved somewhat after the Commerce Department announced the figure.

Double tax concession sought

BY DAVID FREUD

THE UK Government is seeking a U.S. concession in the Anglo-American double taxation treaty to compensate for the deletion by the Senate of a key clause.

Mr. Dennis Davies, Minister of State at the Treasury, said yesterday in a written Parliamentary answer: "There has been a useful exchange of views, but certain aspects require further explanation and discussions will be resumed."

The talks — between the Inland Revenue and the U.S. Treasury — mean that the treaty, the negotiations over which began in 1972, cannot be finally approved before November at the earliest.

The amended treaty requires Parliamentary approval and there will not be time for this before the recess, which begins next week.

The Senate approved the treaty last month, more than a year after Parliament, although it deleted a clause curbing states' abilities to tax British companies on an arbitrary basis, which taxes multinationals on a proportion of their worldwide income.

The main effect will be in California, where it is estimated UK companies will have to pay in total as much as \$30m more than under conventional taxation on profits arising in the state.

The signs are that the UK Government is resigned to the loss of the controversial clause and is not prepared to jettison the whole treaty, which it feels contains several advantageous items, because of it.

The talks with the U.S. Treasury probably are directed towards finding a compensating concession which would pass through the Senate without too much difficulty.

Before the treaty can start operating the same text must be approved by the Senate and Parliament.

Benn plans bigger role for coal power

BY JOHN LLOYD

THE GOVERNMENT is prepared to give a major boost to the coal industry in its efforts to win greater markets, according to Mr. Anthony Wedgwood Benn, the Energy Secretary.

At the same time, Mr. Benn wants to counter what he regards as the over-powerful influence of the Central Electricity Generating Board in determining the country's energy policy.

While no final decisions have yet been taken, Mr. Benn favours:

- Subsidising the price of coal to power stations throughout the country.
- Bringing the electricity industry more firmly under Government control, and making it clear that the Energy Secretary, not the CEBG, determines the broad mix of fuel in power stations.

He has already turned down

a CEBG request to build an oil-fired power station at Ince Point, near Plymouth. The board is now considering alternative plans, including the building of a nuclear station near Exeter.

Mr. Benn is also continuing to press the National Union of Mineworkers to accept the "right of veto" over pit closures, against the wishes of the National Coal Board.

The NUM leadership is reluctant to accept the responsibility for closures, fearing divisions between national and area leadership.

Mr. Benn, who has clarified his position on coal subsidies, is holding discussions with Mr. Glyn England, chairman of the CEBG and Sir Derek Ezra, chairman of the National Coal Board, on ways to increase the coal burn in power stations.

Benn stands up for coal Page 20

Weather

UK TODAY

CLOUDY, some rain. London, S.E. England, East Anglia, rain or drizzle. Max. 20C (68F). Cent. S. and S.W. England, E. N.E. and Cent. N. England, South Wales, Outbreaks of rain. Max. 18C (64F). E. N.E. and Cent. England.

BUSINESS CENTRES

City	Y'day	Today	Y'day	Today
Amsterdam	21	21	18	18
Athens	21	21	18	18
Bombay	21	21	18	18
Buenos Aires	21	21	18	18
Calcutta	21	21	18	18
Canton	21	21	18	18
Cebu	21	21	18	18
Hankow	21	21	18	18
Hong Kong	21	21	18	18
Kobe	21	21	18	18
London	21	21	18	18
Lyons	21	21	18	18
Manila	21	21	18	18
Medan	21	21	18	18
Osaka	21	21	18	18
Paris	21	21	18	18
Rangoon	21	21	18	18
San Francisco	21	21	18	18
Singapore	21	21	18	18
Tokyo	21	21	18	18
Yokohama	21	21	18	18

Continued from Page 1

TUC line upsets accord

In Britain's economic and social situation, it is not compatible with policies that concentrate on restricting pay and constraining collective bargaining.

Mr. Murray said afterwards that the council's stand did not mean automatic support for any union that tried to breach the 5 per cent. Nor would there be a "TUC nanny standing around" telling negotiators to act responsibly. Negotiators remembered the spiralling inflation of a few years ago.

The liaison committee's statement says that free collective bargaining is a "flexible instrument" and vital to the trade union function. At the same time, national settlements, particularly in the public sector, are revived as key instruments of Government policy in tackling the problems of investment and import substitution. "It is, therefore, essential to conclude as speedily as possible agreements

with all the major companies. On finance and investment, Left-wing demands for wholesale nationalisation of banks and financial institutions have been rejected.

Instead, the document proposes that the Bank of England's role should be to reinforce Government policies approved by Parliament rather than act independently or as representative of the finance houses.

It looks to the Wilson Committee to give serious consideration to a new lending facility for industry, through which insurance companies and other institutions could provide long-term risk capital for industry while safeguarding the interests of their investors.

Instead of nationalising the banks, it recommends the re-grouping of GIRO and the National Savings Bank to create a new public-owned bank that could compete with the big four clearing banks.

On taxation, the document says that a further sustained attack should be made on tax avoidance practices and evasion to help lift the burden on the ordinary taxpayer.

It proposes the introduction of an annual wealth tax on total net wealth of more than £150,000. The document skirts the controversial question of nationalisation of the construction industry. It calls merely for an extension of the public sector's capability and improved planning of public procurement.

Among the targets for the social programme for the 1980s, the document includes improvements in child benefits, pensions and "a generous level of benefit for the unemployed without removing the incentive to work."

Finally, pledging the movement to a wider democracy, the document adds: "We look forward to the abolition of the House of Lords."

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